

House Amendment 1472

PAG LIN

1 1 Amend House File 691 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 1 5 PROPERTY TAX REPLACEMENT
1 6 Section 1. Section 24.14, Code 2003, is amended to
1 7 read as follows:
1 8 24.14 TAX LIMITED.
1 9 A greater tax than that so entered upon the record
1 10 shall not be levied or collected for the municipality
1 11 proposing the tax for the purposes indicated and a
1 12 greater expenditure of public money shall not be made
1 13 for any specific purpose than the amount estimated and
1 14 appropriated for that purpose, except as provided in
1 15 sections 24.6 and 24.15. All budgets set up in
1 16 accordance with the statutes shall take such funds,
1 17 and allocations made by sections 123.53, and 452A.79
1 18 ~~and chapter 405A~~, into account, and all such funds,
1 19 regardless of their source, shall be considered in
1 20 preparing the budget.
1 21 Sec. 2. Section 331.403, subsection 3, Code 2003,
1 22 is amended to read as follows:
1 23 3. A county that fails to meet the filing deadline
1 24 imposed by this section shall have withheld from
1 25 payments to be made to the county and allocated to the
1 26 county pursuant to chapter 405A section 425.1 an
1 27 amount equal to five cents per capita until the
1 28 financial report is filed.
1 29 Sec. 3. Section 331.427, subsection 1, unnumbered
1 30 paragraph 1, Code 2003, is amended to read as follows:
1 31 Except as otherwise provided by state law, county
1 32 revenues from taxes and other sources for general
1 33 county services shall be credited to the general fund
1 34 of the county, including revenues received under
1 35 sections 9I.11, 101A.3, 101A.7, 123.36, 123.143,
1 36 142B.6, 176A.8, 321.105, 321.152, 321G.7, section
1 37 331.554, subsection 6, sections 341A.20, 364.3,
1 38 368.21, 422A.2, 428A.8, 430A.3, 433.15, 434.19,
1 39 445.57, 453A.35, 458A.21, 483A.12, 533.24, 556B.1,
1 40 583.6, 602.8108, 904.908, and 906.17, ~~and chapter~~
1 41 ~~405A~~, and the following:
1 42 Sec. 4. Section 384.22, unnumbered paragraph 2,
1 43 Code 2003, is amended to read as follows:
1 44 A city that fails to meet the filing deadline
1 45 imposed by this section shall have withheld from
1 46 payments to be made to the county which are allocated
1 47 to the city pursuant to chapter 405A section 425.1 an
1 48 amount equal to five cents per capita until the annual
1 49 report is filed with the auditor of state.
1 50 Sec. 5. Section 427B.19, subsection 3, unnumbered
2 1 paragraph 1, Code 2003, is amended to read as follows:
2 2 On or before September 1 of each fiscal year
2 3 through June 30, ~~2006~~ 2004, the county auditor shall
2 4 prepare a statement, based upon the report received
2 5 pursuant to subsections 1 and 2, listing for each
2 6 taxing district in the county:
2 7 Sec. 6. Section 427B.19, subsection 3, paragraph
2 8 c, Code 2003, is amended to read as follows:
2 9 c. The industrial machinery, equipment and
2 10 computers tax replacement claim for each taxing
2 11 district. For fiscal years beginning July 1, 1996,
2 12 and ending June 30, 2001, the replacement claim is
2 13 equal to the amount determined pursuant to paragraph
2 14 "a", multiplied by the tax rate specified in paragraph
2 15 "b". For fiscal years beginning July 1, 2001, and
2 16 ending June 30, ~~2006~~ 2004, the replacement claim is
2 17 equal to the product of the amount determined pursuant
2 18 to paragraph "a", less any increase in valuations
2 19 determined in paragraph "d", and the tax rate
2 20 specified in paragraph "b". If the amount subtracted
2 21 under paragraph "d" is more than the amount determined
2 22 in paragraph "a", there is no tax replacement for the
2 23 fiscal year.
2 24 Sec. 7. Section 427B.19A, subsection 1, Code 2003,
2 25 is amended to read as follows:

2 26 1. The industrial machinery, equipment and
2 27 computers property tax replacement fund is created.
2 28 For the fiscal year beginning July 1, 1996, through
2 29 the fiscal year ending June 30, ~~2006~~ 2004, there is
2 30 appropriated annually from the general fund of the
2 31 state to the department of revenue and finance to be
2 32 credited to the industrial machinery, equipment and
2 33 computers property tax replacement fund, an amount
2 34 sufficient to implement this division. However, for
2 35 the fiscal year beginning July 1, 2003, the amount
2 36 appropriated to the department of revenue and finance
2 37 to be credited to the industrial machinery, equipment
2 38 and computers tax replacement fund is ten million
2 39 eighty-one thousand six hundred eighty-five dollars.
2 40 Sec. 8. Section 427B.19C, Code 2003, is amended to
2 41 read as follows:
2 42 427B.19C ADJUSTMENT OF CERTAIN ASSESSMENTS
2 43 REQUIRED.
2 44 In the assessment year beginning January 1, ~~2005~~
2 45 2003, the amount of assessed value of property defined
2 46 in section 403.19, subsection 1, for an urban renewal
2 47 taxing district which received replacement moneys
2 48 under section 427B.19A, subsection 4, shall be reduced
2 49 by an amount equal to that portion of the amount of
2 50 assessed value of such property which was assessed
3 1 pursuant to section 427B.17, subsection 3.
3 2 Sec. 9. Section 441.73, subsection 4, Code 2003,
3 3 is amended to read as follows:
3 4 4. The executive council shall transfer for the
3 5 fiscal year beginning July 1, 1992, and each fiscal
3 6 year thereafter, from funds established in sections
3 7 ~~405A.8, 425.17~~ and 426.1, an amount necessary to pay
3 8 litigation expenses. The amount of the fund for each
3 9 fiscal year shall not exceed seven hundred thousand
3 10 dollars. The executive council shall determine
3 11 annually the proportionate amounts to be transferred
3 12 from the ~~three~~ two separate funds. At any time when
3 13 no litigation is pending or in progress the balance in
3 14 the litigation expense fund shall not exceed one
3 15 hundred thousand dollars. Any excess moneys shall be
3 16 transferred in a proportionate amount back to the
3 17 funds from which they were originally transferred.
3 18 Sec. 10. GUARANTEE OF REPLACEMENT FUNDS. The
3 19 revaluation of all industrial machinery, equipment,
3 20 and computers authorized in section 427B.19B, Code
3 21 2003, as a result of the insufficient funding of the
3 22 industrial machinery, equipment and computers property
3 23 tax replacement fund for the fiscal year beginning
3 24 July 1, 2002, is void and taxes payable in the fiscal
3 25 year beginning July 1, 2003, shall not be levied on
3 26 the amount of such revaluation.
3 27 Sec. 11. Sections 403.23, 405A.1, 405A.2, 405A.3,
3 28 405A.4, 405A.5, 405A.6, 405A.7, 405A.8, 405A.9,
3 29 405A.10, 422.65, 427A.12, and 427B.19B, Code 2003, are
3 30 repealed.
3 31 Sec. 12. UNIFORM REDUCTIONS. The general assembly
3 32 finds that the provisions of this division of this Act
3 33 will result in reductions in appropriations that would
3 34 otherwise be made from the general fund of the state
3 35 for the fiscal year beginning July 1, 2003, that total
3 36 \$70,000,000. If the governor vetoes a portion of this
3 37 division of this Act, the governor shall order uniform
3 38 reductions in appropriations allotments as provided in
3 39 section 8.31, in an amount equal to the appropriations
3 40 that are made as a result of the veto.
3 41 Sec. 13. EFFECTIVE DATE. The section of this
3 42 division of this Act that voids the revaluation of
3 43 machinery, equipment, and computers, being deemed of
3 44 immediate importance, takes effect upon enactment.
3 45 DIVISION II
3 46 PARKING TICKETS
3 47 Sec. 14. Section 321.236, subsection 1, paragraph
3 48 a, Code 2003, is amended to read as follows:
3 49 a. May be charged and collected upon a simple
3 50 notice of a fine payable to the city clerk or clerk of
4 1 the district court, if authorized by ordinance. The
4 2 fine ~~shall not exceed five dollars except for snow~~
4 3 ~~route parking violations in which case the fine shall~~
4 4 ~~not exceed twenty-five dollars for each violation~~
4 5 ~~charged under a simple notice of a fine shall be~~
4 6 ~~established by ordinance.~~ The fine may be increased

4 7 ~~up to ten by five~~ dollars if the parking violation is
4 8 not paid within thirty days of the date upon which the
4 9 violation occurred, if authorized by ordinance.
4 10 Violations of section 321L.4, subsection 2, may be
4 11 charged and collected upon a simple notice of a one
4 12 hundred dollar fine payable to the city clerk or clerk
4 13 of the district court, if authorized by ordinance. No
4 14 costs or other charges shall be assessed. All fines
4 15 collected by a city pursuant to this paragraph shall
4 16 be retained by the city and all fines collected by a
4 17 county pursuant to this paragraph shall be retained by
4 18 the county.

4 19 Sec. 15. Section 805.8A, subsection 1, paragraph
4 20 a, Code 2003, is amended to read as follows:

4 21 a. For parking violations under sections 321.236,
4 22 321.239, 321.358, 321.360, and 321.361, the scheduled
4 23 fine is five dollars, except if the local authority
4 24 has established the fine by ordinance pursuant to
4 25 section 321.236, subsection 1. The scheduled fine for
4 26 a parking violation ~~of~~ pursuant to section 321.236
4 27 increases ~~in an amount up to ten by five~~ dollars, as
4 28 authorized by ordinance pursuant to section 321.236,
4 29 subsection 1, ~~paragraph "a",~~ if the parking violation
4 30 is not paid within thirty days of the date upon which
4 31 the violation occurred. For purposes of calculating
4 32 the unsecured appearance bond required under section
4 33 805.6, the scheduled fine shall be five dollars, or if
4 34 the amount of the fine is greater than five dollars,
4 35 the unsecured appearance bond shall be the amount of
4 36 the fine established by the local authority pursuant
4 37 to section 321.236, subsection 1. However, violations
4 38 charged by a city or county upon simple notice of a
4 39 fine instead of a uniform citation and complaint as
4 40 permitted by section 321.236, subsection 1, paragraph
4 41 "a", are not scheduled violations, and this section
4 42 shall not apply to any offense charged in that manner.
4 43 For a parking violation under section 321.362 or
4 44 461A.38, the scheduled fine is ten dollars.

4 45 DIVISION III

4 46 LAW ENFORCEMENT ACADEMY

4 47 Sec. 16. NEW SECTION. 80B.11E ACADEMY TRAINING ==
4 48 APPLICATION BY INDIVIDUAL == INDIVIDUAL EXPENSE.

4 49 1. Notwithstanding any other provision of law to
4 50 the contrary, an individual who is not a certified law
5 1 enforcement officer may apply for attendance at the
5 2 law enforcement academy at their own expense if such
5 3 individual is sponsored by a law enforcement agency
5 4 that either intends to hire or has hired the
5 5 individual as a law enforcement officer on the
5 6 condition that the individual meets the minimum
5 7 eligibility standards described in subsection 2.

5 8 2. An individual who submits an application
5 9 pursuant to subsection 1 shall, at a minimum, meet all
5 10 minimum hiring standards as established by academy
5 11 rules, including the successful completion of certain
5 12 psychological and physical testing examinations. In
5 13 addition, such individual shall be of good moral
5 14 character as determined by a thorough background
5 15 investigation by the academy for a fee. For such
5 16 purposes, the academy shall have the authority to
5 17 conduct a background investigation of the individual,
5 18 including a fingerprint search of local, state, and
5 19 national fingerprint files.

5 20 3. An individual shall not be granted permission
5 21 to attend an academy training program if such
5 22 acceptance would result in the nonacceptance of
5 23 another qualifying applicant who is a law enforcement
5 24 officer.

5 25 4. An individual who has not been hired by a law
5 26 enforcement agency must be hired by a law enforcement
5 27 agency within eighteen months of completing the
5 28 appropriate coursework at the law enforcement academy
5 29 in order to obtain certification pursuant to this
5 30 section.

5 31 DIVISION IV

5 32 BUDGET

5 33 Sec. 17. Section 331.436, Code 2003, is amended to
5 34 read as follows:

5 35 331.436 PROTEST.

5 36 Protests to the adopted budget must be made in
5 37 accordance with sections 24.27 through 24.32 as if the

5 38 county were the municipality under those sections
5 39 except that the number of people necessary to file a
5 40 protest under this section shall not be less than one
5 41 hundred.

DIVISION V

INDEBTEDNESS REPORTING == COLLECTION OF TAXES

5 44 Sec. 18. Section 403.23, subsection 1, Code 2003,
5 45 is amended by striking the subsection and inserting in
5 46 lieu thereof the following:

5 47 1. On or before December 1 of each odd-numbered
5 48 year, each municipality that has established an urban
5 49 renewal area shall report to the department of
5 50 management and to the appropriate county auditor the
6 1 total amount of loans, advances, indebtedness, or
6 2 bonds outstanding at the close of the most recently
6 3 ended fiscal year, which qualify for payment from the
6 4 special fund created in section 403.19, including
6 5 interest negotiated on such loans, advances,
6 6 indebtedness, or bonds. For purposes of this
6 7 subsection, "indebtedness" includes written agreements
6 8 whereby the municipality agrees to suspend, abate,
6 9 exempt, rebate, refund, or reimburse property taxes,
6 10 or provide a grant for property taxes paid, with
6 11 moneys in the special fund. The amount of loans,
6 12 advances, indebtedness, or bonds shall be listed in
6 13 the aggregate for each municipality reporting.

6 14 Sec. 19. Section 403.23, subsections 2 and 3, Code
6 15 2003, are amended to read as follows:

6 16 2. At the request of the legislative fiscal
6 17 bureau, the department of management shall provide the
6 18 reports and additional information to the legislative
6 19 fiscal bureau. The department of management, in
6 20 consultation with the legislative fiscal bureau, shall
6 21 determine reporting criteria and shall prepare a form
6 22 for reports filed with the department pursuant to this
6 23 section. The department shall make the form available
6 24 by electronic means.

6 25 3. If a municipality does not file the ~~annual~~
6 26 report with the department of management and the
6 27 county auditor by December 1 of each odd-numbered
6 28 year, the county treasurer shall withhold disbursement
6 29 of incremental taxes to the municipality until the
6 30 ~~annual~~ report is filed beginning immediately with the
6 31 next following disbursement of taxes. The county
6 32 auditor shall notify the county treasurer if taxes are
6 33 to be withheld.

6 34 Sec. 20. Section 631.1, Code 2003, is amended by
6 35 adding the following new subsection:

6 36 NEW SUBSECTION. 7. The district court sitting in
6 37 small claims has concurrent jurisdiction of an action
6 38 for the collection of taxes brought by a county
6 39 treasurer pursuant to sections 445.3 and 445.4 where
6 40 the amount in controversy is five thousand dollars or
6 41 less for actions commenced on or after July 1, 2003,
6 42 exclusive of interest and costs.

DIVISION VI

MUNICIPAL AND COUNTY INFRACTIONS

6 45 Sec. 21. Section 331.302, subsection 15, Code
6 46 2003, is amended to read as follows:

6 47 15. A county shall not provide a civil penalty in
6 48 excess of ~~five~~ seven hundred ~~fifty~~ dollars for the
6 49 violation of an ordinance which is classified as a
6 50 county infraction or if the infraction is a repeat
7 1 offense, a civil penalty not to exceed ~~seven hundred~~
7 2 ~~fifty one thousand~~ dollars for each repeat offense. A
7 3 county infraction is not punishable by imprisonment.

7 4 Sec. 22. Section 331.307, subsection 1, Code 2003,
7 5 is amended to read as follows:

7 6 1. A county infraction is a civil offense
7 7 punishable by a civil penalty of not more than ~~five~~
7 8 seven hundred ~~fifty~~ dollars for each violation or if
7 9 the infraction is a repeat offense a civil penalty not
7 10 to exceed ~~seven hundred fifty one thousand~~ dollars for
7 11 each repeat offense.

7 12 Sec. 23. Section 364.3, subsection 6, Code 2003,
7 13 is amended to read as follows:

7 14 6. A city shall not provide a civil penalty in
7 15 excess of ~~five~~ seven hundred ~~fifty~~ dollars for the
7 16 violation of an ordinance which is classified as a
7 17 municipal infraction or if the infraction is a repeat
7 18 offense, a civil penalty not to exceed ~~seven hundred~~

~~7 19 fifty one thousand~~ dollars for each repeat offense. A
7 20 municipal infraction is not punishable by
7 21 imprisonment.
7 22 Sec. 24. Section 364.22, subsection 1, unnumbered
7 23 paragraph 1, Code 2003, is amended to read as follows:
7 24 A municipal infraction is a civil offense
7 25 punishable by a civil penalty of not more than ~~five~~
7 26 ~~seven hundred fifty~~ dollars for each violation or if
7 27 the infraction is a repeat offense, a civil penalty
7 28 not to exceed ~~seven hundred fifty one thousand~~ dollars
7 29 for each repeat offense. However, notwithstanding
7 30 section 364.3, a municipal infraction arising from
7 31 noncompliance with a pretreatment standard or
7 32 requirement, referred to in 40 C.F.R. } 403.8, by an
7 33 industrial user may be punishable by a civil penalty
7 34 of not more than one thousand dollars for each day a
7 35 violation exists or continues.

7 36 DIVISION VII
7 37 TRANSACTION FEE

7 38 Sec. 25. NEW SECTION. 331.605C ELECTRONIC
7 39 TRANSACTION FEE == AUDIT.

7 40 1. For the fiscal year beginning July 1, 2003, and
7 41 ending June 30, 2004, the recorder shall collect a fee
7 42 of five dollars for each recorded transaction for
7 43 which a fee is paid pursuant to section 331.604 to be
7 44 used for the purposes of planning and implementing
7 45 electronic recording and electronic transactions in
7 46 each county and developing county and statewide
7 47 internet websites to provide electronic access to
7 48 records and information.

7 49 2. Beginning July 1, 2004, the recorder shall
7 50 collect a fee of one dollar for each recorded
8 1 transaction for which a fee is paid pursuant to
8 2 section 331.604 to be used for the purpose of paying
8 3 the county's ongoing costs of maintaining the systems
8 4 developed and implemented under subsection 1.

8 5 3. The county treasurer, on behalf of the
8 6 recorder, shall establish and maintain an interest=
8 7 bearing account into which all moneys collected
8 8 pursuant to subsections 1 and 2 shall be deposited.

8 9 4. The state government electronic transaction
8 10 fund is established in the office of the treasurer of
8 11 state under the control of the treasurer of state.
8 12 Moneys deposited into the fund are not subject to
8 13 section 8.33. Notwithstanding section 12C.7, interest
8 14 or earnings on moneys in the state government
8 15 electronic transaction fund shall be credited to the
8 16 fund. Moneys in the state government electronic
8 17 transaction fund are not subject to transfer,
8 18 appropriation, or reversion to any other fund, or any
8 19 other use except as provided in this subsection. The
8 20 treasurer of state shall enter into a contract with
8 21 the Iowa state association of counties affiliate
8 22 representing county recorders to develop, implement,
8 23 and maintain a statewide internet website for purposes
8 24 of providing electronic access to records and
8 25 information recorded or filed by county recorders. On
8 26 a monthly basis, the county treasurer shall pay one
8 27 dollar of each fee collected pursuant to subsection 1
8 28 to the treasurer of state for deposit into the state
8 29 government electronic transaction fund. Moneys
8 30 credited to the state government electronic
8 31 transaction fund are appropriated to the treasurer of
8 32 state to be used for contract costs. This subsection
8 33 is repealed June 30, 2004.

8 34 5. The pooled local government electronic
8 35 transaction fund is established in the office of the
8 36 treasurer of state under control of the treasurer of
8 37 state. Moneys deposited into the fund are not subject
8 38 to section 8.33. Notwithstanding section 12C.7,
8 39 interest or earnings on moneys in the pooled local
8 40 government electronic transaction fund shall be
8 41 credited to the fund. Moneys in the fund are not
8 42 subject to transfer, appropriation, or reversion to
8 43 any other fund, or any other use except as provided in
8 44 this subsection. On a quarterly basis, the county
8 45 treasurer shall pay four dollars of each fee collected
8 46 pursuant to subsection 1 and all fees collected
8 47 pursuant to subsection 2, to the treasurer of state
8 48 for deposit into the pooled local government
8 49 electronic transaction fund. Moneys credited to the

8 50 pooled local government electronic transaction fund
9 1 are appropriated to the treasurer of state to be
9 2 distributed equally to all counties and paid to the
9 3 county treasurers of each county within thirty days
9 4 after the moneys are received by the treasurer of
9 5 state. Moneys received by a county treasurer pursuant
9 6 to this subsection shall be deposited into the account
9 7 established and maintained by the county treasurer on
9 8 behalf of the county recorder under subsection 3, and
9 9 shall be used by the county recorder for the purposes
9 10 set forth in subsections 1 and 2.
9 11 6. The recorder shall make available any
9 12 information required by the county auditor or auditor
9 13 of state concerning the fees collected under this
9 14 section for the purposes of determining the amount of
9 15 fees collected and the uses for which such fees are
9 16 expended.

9 17 DIVISION VIII

9 18 LOCAL GOVERNMENT LEASES

9 19 Sec. 26. Section 346.27, Code 2003, is amended by
9 20 adding the following new subsection:

9 21 NEW SUBSECTION. 26. Any incorporating unit may
9 22 enter into a lease with an authority that the
9 23 authority and the incorporating unit determine is
9 24 necessary and convenient to effectuate their purposes
9 25 and the purposes of this section. The power to enter
9 26 into leases under this section is in addition to other
9 27 powers granted to cities and counties to enter into
9 28 leases and the provisions of chapter 75, section
9 29 364.4, subsection 4, and section 331.301, subsection
9 30 10, are not applicable to leases entered into under
9 31 this section.

9 32 DIVISION IX

9 33 LOCAL GOVERNMENT INNOVATION FUND

9 34 Sec. 27. NEW SECTION. 8.64 LOCAL GOVERNMENT
9 35 INNOVATION FUND == COMMITTEE == LOANS.

9 36 1. The local government innovation fund is created
9 37 in the state treasury under the control of the
9 38 department of management for the purpose of
9 39 stimulating and encouraging innovation in local
9 40 government by the awarding of loans to cities and
9 41 counties.

9 42 2. The director of the department of management
9 43 shall establish a seven-member committee to be called
9 44 the local government innovation fund committee.
9 45 Committee members shall have expertise in local
9 46 government. The committee shall review all requests
9 47 for funds and approve loans of funds if the committee
9 48 determines that a city or county project that is the
9 49 subject of a request would result in cost savings,
9 50 innovative approaches to service delivery, or added
10 1 revenue to the city, county, or state. Eligible
10 2 projects are projects which cannot be funded from a
10 3 city's or county's operating budget without adversely
10 4 affecting the city's or county's normal service
10 5 levels. Preference shall be given to requests
10 6 involving the sharing of services between two or more
10 7 local governments. Projects may include, but are not
10 8 limited to, purchase of advanced technology,
10 9 contracting for expert services, and acquisition of
10 10 equipment or supplies.

10 11 3. A city or county seeking a loan from the local
10 12 government innovation fund shall complete an
10 13 application form designed by the local government
10 14 innovation fund committee which employs a return on
10 15 investment concept and demonstrates how the project
10 16 funded by the loan will result in reduced city,
10 17 county, or state general fund expenditures or how city
10 18 or county fund revenues will increase without an
10 19 increase in state costs. Minimum loan requirements
10 20 for city or county requests shall be determined by the
10 21 committee.

10 22 4. a. In order for the local government
10 23 innovation fund to be self-supporting, the local
10 24 government innovation fund committee shall establish
10 25 repayment schedules for each loan awarded. The loan
10 26 requirements shall be outlined in a chapter 28E
10 27 agreement executed between the state and the city or
10 28 county receiving the loan. A city or county shall
10 29 repay the loan over a period not to exceed five years,
10 30 with interest, at a rate to be determined by the local

10 31 government innovation fund committee.
10 32 b. The local government innovation fund committee
10 33 shall utilize the department of management, the
10 34 department of revenue and finance, or other source of
10 35 technical expertise designated by the committee to
10 36 certify savings projected for a local government
10 37 innovation fund project.

10 38 5. Notwithstanding section 12C.7, subsection 2,
10 39 interest or earnings on moneys deposited in the local
10 40 government innovation fund shall be credited to the
10 41 local government innovation fund. Notwithstanding
10 42 section 8.33, moneys appropriated to and moneys
10 43 remaining in the local government innovation fund at
10 44 the end of a fiscal year shall not revert to the
10 45 general fund of the state.

10 46 Sec. 28. LOCAL GOVERNMENT INNOVATION FUND
10 47 APPROPRIATION. There is appropriated from the general
10 48 fund of the state to the department of management for
10 49 the fiscal year beginning July 1, 2003, and ending
10 50 June 30, 2004, the following amount, or so much
11 1 thereof as is necessary, to be used for the purpose
11 2 designated:

11 3 For deposit in the local government innovation fund
11 4 created in section 8.64:

11 5 \$ 10,000,000

11 6 Notwithstanding section 8.64, subsection 4, as
11 7 enacted by this division of this Act, the local
11 8 government innovation fund committee may provide up to
11 9 20 percent of the amount appropriated in this section
11 10 in the form of forgivable loans or as grants for those
11 11 projects that propose a new and innovative sharing
11 12 initiative that would serve as an important model for
11 13 cities and counties.

11 14 DIVISION X

11 15 STUDY OF CITY AND COUNTY REGULATION BY THE 11 16 DEPARTMENT OF NATURAL RESOURCES

11 17 Sec. 29. STUDY. The legislative council shall
11 18 establish a study committee for the 2003 interim to
11 19 review the department of natural resources'
11 20 enforcement and penalty policies relating to
11 21 regulation of cities and counties. The study
11 22 committee shall review options for changing the
11 23 department's approach to enforcement from reliance on
11 24 punitive measures to a collaborative approach. In
11 25 addition, the amounts of fines shall be reviewed along
11 26 with the possibility of designating a portion of a
11 27 fine to be applied against the costs of compliance
11 28 with the departmental regulation.

11 29 DIVISION XI

11 30 CHARGE FOR CAPITAL ASSETS

11 31 Sec. 30. CHARGE FOR CAPITAL ASSETS. For the
11 32 fiscal year beginning July 1, 2003, and ending June
11 33 30, 2004, the department of management shall levy a
11 34 charge against departments and establishments, as
11 35 defined in section 8.2, for indirect costs associated
11 36 with state ownership of land, buildings, equipment, or
11 37 other capital assets controlled by a department or
11 38 establishment. The charges shall not be levied
11 39 against capital assets that are subject to charges
11 40 levied by the department of administrative services,
11 41 if the department is established by law, or against
11 42 capital assets controlled by the state board of
11 43 regents. Moneys received as a result of charges made
11 44 under this section shall be transferred to the fund
11 45 from which the moneys were originally appropriated.
11 46 The total amount of charges levied under this section
11 47 that are associated with appropriations made from the
11 48 general fund of the state for the fiscal year shall
11 49 not exceed \$1,720,000.

11 50 Sec. 31. CHARGE FOR CAPITAL == APPROPRIATIONS

12 1 REDUCTION == STATE BOARD OF REGENTS == STUDY.

12 2 1. In lieu of applying a charge for capital assets
12 3 to the institutions under the control of the state
12 4 board of regents as otherwise provided in this
12 5 division for executive branch agencies, the
12 6 appropriations made from the general fund of the state
12 7 to the state board of regents for the general
12 8 university operating budgets at the state university
12 9 of Iowa, Iowa state university of science and
12 10 technology, and university of northern Iowa, in 2003
12 11 Iowa Acts, House File 662, section 9, subsections 2,

12 12 3, and 4, are reduced by \$17,880,000. The state board
12 13 of regents shall apply the reduction as follows:
12 14 state university of Iowa, 46.7 percent, Iowa state
12 15 university of science and technology, 36.8 percent,
12 16 and university of northern Iowa, 16.5 percent.
12 17 2. The legislative council shall authorize a study
12 18 for the 2003 legislative interim on the policy option
12 19 of levying charges for capital assets against all
12 20 state agencies, including the state board of regents.
12 21 The study recommendations and findings shall include
12 22 but are not limited to identification of the capital
12 23 assets that should be subject to charges and how
12 24 capital assets funded by sources other than state
12 25 funding should be charged. The study report,
12 26 including findings and recommendations, shall be
12 27 submitted to the general assembly for consideration
12 28 during the 2004 legislative session. The study shall
12 29 be conducted by a study committee consisting of the
12 30 following: one member designated by the state board
12 31 of regents, one member representing the department of
12 32 management designated by the department's director,
12 33 one member representing the state department of
12 34 transportation appointed by the department's director,
12 35 one member representing the judicial branch appointed
12 36 by the chief justice of the supreme court, one member
12 37 who is a member of the general assembly jointly
12 38 appointed by the majority leader of the senate and the
12 39 speaker of the house of representatives, and one
12 40 member who is a member of the general assembly jointly
12 41 appointed by the minority leader of the senate and the
12 42 minority leader of the house of representatives. A
12 43 chairperson or cochairpersons shall be designated by
12 44 the legislative council.

12 45 DIVISION XII

12 46 CHARTER AGENCIES

12 47 Sec. 32. NEW SECTION. 7J.1 CHARTER AGENCIES.

12 48 1. DESIGNATION OF CHARTER AGENCIES == PURPOSE.

12 49 The governor may, by executive order, designate up to
12 50 five state departments or agencies, as described in
13 1 section 7E.5, other than the department of
13 2 administrative services, if the department is
13 3 established in law, or the department of management,
13 4 as a charter agency by July 1, 2003. The designation
13 5 of a charter agency shall be for a period of five
13 6 years which shall terminate as of June 30, 2008. The
13 7 purpose of designating a charter agency is to grant
13 8 the agency additional authority as provided by this
13 9 chapter while reducing the total appropriations to the
13 10 agency.

13 11 2. CHARTER AGENCY DIRECTORS.

13 12 a. Prior to each fiscal year, or as soon
13 13 thereafter as possible, the governor and each director
13 14 of a designated charter agency shall enter into an
13 15 annual performance agreement which shall set forth
13 16 measurable organization and individual goals for the
13 17 director in key operational areas of the director's
13 18 agency. The annual performance agreement shall be
13 19 made public and a copy of the agreement shall be
13 20 submitted to the general assembly.

13 21 b. In addition to the authority granted the
13 22 governor as to the appointment and removal of a
13 23 director of an agency that is a charter agency, the
13 24 governor may remove a director of a charter agency for
13 25 misconduct or for failure to achieve the performance
13 26 goals set forth in the annual performance agreement.

13 27 c. Notwithstanding any provision of law to the
13 28 contrary, the governor may set the salary of a
13 29 director of a charter agency under the pay plan for
13 30 exempt positions in the executive branch of
13 31 government. In addition, the governor may authorize
13 32 the payment of a bonus to a director of a charter
13 33 agency in an amount not in excess of fifty percent of
13 34 the director's annual rate of pay, based upon the
13 35 governor's evaluation of the director's performance in
13 36 relation to the goals set forth in the annual
13 37 performance agreement.

13 38 d. A director of a charter agency may authorize
13 39 the payment of bonuses to employees of the charter
13 40 agency in a total amount not in excess of fifty
13 41 percent of the director's annual rate of pay, based
13 42 upon the director's evaluation of the employees'

13 43 performance.

13 44 3. APPROPRIATIONS AND ASSET MANAGEMENT.

13 45 a. It is the intent of the general assembly that
13 46 appropriations to a charter agency for any fiscal year
13 47 shall be reduced, with a target reduction of ten
13 48 percent for each charter agency, from the
13 49 appropriation that would otherwise have been enacted
13 50 for that charter agency.

14 1 b. Notwithstanding any provision of law to the
14 2 contrary, proceeds from the sale or lease of capital
14 3 assets that are under the control of a charter agency
14 4 shall be retained by the charter agency and used for
14 5 such purposes within the scope of the responsibilities
14 6 of the charter agency.

14 7 c. Notwithstanding section 8.33, one-half of all
14 8 unencumbered or unobligated balances of appropriations
14 9 made for each fiscal year of that fiscal period to the
14 10 charter agency shall not revert to the state treasury
14 11 or to the credit of the funds from which the
14 12 appropriations were made.

14 13 d. For the fiscal period beginning July 1, 2003,
14 14 and ending June 30, 2005, a charter agency is not
14 15 subject to a uniform reduction ordered by the governor
14 16 in accordance with section 8.31.

14 17 4. PERSONNEL MANAGEMENT.

14 18 a. Notwithstanding any provision of law to the
14 19 contrary, a charter agency shall not be subject to any
14 20 limitation relating to the number of or pay grade
14 21 assigned to its employees, including any limitation on
14 22 the number of full-time equivalent positions as
14 23 defined by section 8.36A.

14 24 b. A charter agency may waive any personnel rule
14 25 and may exercise the authority granted to the
14 26 department of personnel, or its successor, relating to
14 27 personnel management concerning employees of the
14 28 charter agency, subject to any restrictions on such
14 29 authority as to employees of the charter agency
14 30 covered by a collective bargaining agreement. The
14 31 exclusive representative of employees of a charter
14 32 agency may enter into agreements with the charter
14 33 agency to grant the charter agency the authority
14 34 described in this paragraph. A waiver of a rule
14 35 pursuant to this subsection shall be indexed, filed,
14 36 and made available for public inspection in the same
14 37 manner as provided in section 17A.9A, subsection 4.

14 38 5. PROCUREMENT AND GENERAL SERVICES. A charter
14 39 agency may waive any administrative rule regarding
14 40 procurement, fleet management, printing and copying,
14 41 or maintenance of buildings and grounds, and may
14 42 exercise the authority of the department of general
14 43 services, or its successor, as it relates to the
14 44 physical resources of the state. A waiver of a rule
14 45 pursuant to this subsection shall be indexed, filed,
14 46 and made available for public inspection in the same
14 47 manner as provided in section 17A.9A, subsection 4.

14 48 6. INFORMATION TECHNOLOGY. A charter agency may
14 49 waive any administrative rule regarding the
14 50 acquisition and use of information technology and may
15 1 exercise the powers of the information technology
15 2 department, or its successor, as it relates to
15 3 information technology. A waiver of a rule pursuant
15 4 to this subsection shall be indexed, filed, and made
15 5 available for public inspection in the same manner as
15 6 provided in section 17A.9A, subsection 4.

15 7 7. RULE FLEXIBILITY.

15 8 a. A charter agency may temporarily waive or
15 9 suspend the provisions of any administrative rule if
15 10 strict compliance with the rule impacts the ability of
15 11 the charter agency requesting the waiver or suspension
15 12 to perform its duties in a more cost-efficient manner
15 13 and the requirements of this subsection are met.

15 14 b. The procedure for granting a temporary waiver
15 15 or suspension of any administrative rule shall be as
15 16 follows:

15 17 (1) The charter agency may waive or suspend a rule
15 18 if the agency finds, based on clear and convincing
15 19 evidence, all of the following:

15 20 (a) The application of the rule poses an undue
15 21 financial hardship on the applicable charter agency.

15 22 (b) The waiver or suspension from the requirements
15 23 of a rule in the specific case would not prejudice the

15 24 substantial legal rights of any person.
15 25 (c) Substantially equal protection of public
15 26 health, safety, and welfare will be afforded by a
15 27 means other than that prescribed in the particular
15 28 rule for which the waiver or suspension is requested.
15 29 (d) The waiver or suspension would not result in a
15 30 violation of due process, a violation of state or
15 31 federal law, or a violation of the state or federal
15 32 constitution.
15 33 (2) If a charter agency proposes to grant a waiver
15 34 or suspension, the charter agency shall draft the
15 35 waiver or suspension so as to provide the narrowest
15 36 exception possible to the provisions of the rule and
15 37 may place any condition on the waiver or suspension
15 38 that the charter agency finds desirable to protect the
15 39 public health, safety, and welfare. The charter
15 40 agency shall then submit the waiver or suspension to
15 41 the administrative rules review committee for
15 42 consideration at the committee's next scheduled
15 43 meeting.
15 44 (3) The administrative rules review committee
15 45 shall review the proposed waiver or suspension at the
15 46 committee's next scheduled meeting following
15 47 submission of the proposal and may either take no
15 48 action or affirmatively approve the waiver or
15 49 suspension, or delay the effective date of the waiver
15 50 or suspension in the same manner as for rules as
16 1 provided in section 17A.4, subsection 5, and section
16 2 17A.8, subsection 9. If the administrative rules
16 3 review committee either approves or takes no action
16 4 concerning the proposed waiver or suspension, the
16 5 waiver or suspension may become effective no earlier
16 6 than the day following the meeting. If the
16 7 administrative rules review committee delays the
16 8 effective date of the waiver or suspension but no
16 9 further action is taken to rescind the waiver or
16 10 suspension, the proposed waiver or suspension may
16 11 become effective no earlier than upon the conclusion
16 12 of the delay. The administrative rules review
16 13 committee shall notify the applicable charter agency
16 14 of its action concerning the proposed waiver or
16 15 suspension.
16 16 (4) Copies of the grant or denial of a waiver or
16 17 suspension under this subsection shall be filed and
16 18 made available to the public by the applicable charter
16 19 agency.
16 20 c. A waiver or suspension granted pursuant to this
16 21 subsection shall be for a period of time not to exceed
16 22 twelve months or until June 30, 2008, whichever first
16 23 occurs, and as determined by the applicable charter
16 24 agency. A renewal of a temporary waiver or suspension
16 25 granted pursuant to this section shall be granted or
16 26 denied in the same manner as the initial waiver or
16 27 suspension.
16 28 8. REPORTING REQUIREMENTS.
16 29 a. Each charter agency shall submit a written
16 30 report to the general assembly by December 31 of each
16 31 year summarizing the activities of the charter agency
16 32 for the preceding fiscal year. The report shall
16 33 include information concerning the expenditures of the
16 34 agency and the number of filled full-time equivalent
16 35 positions during the preceding fiscal year. The
16 36 report shall include information relating to the
16 37 actions taken by the agency pursuant to the authority
16 38 granted by this section.
16 39 b. By January 15, 2008, the governor shall submit
16 40 a written report to the general assembly on the
16 41 operation and effectiveness of this chapter and the
16 42 costs and savings associated with the implementation
16 43 of this chapter. The report shall include any
16 44 recommendations about extending the chapter's
16 45 effectiveness beyond June 30, 2008.
16 46 9. DEPARTMENT OF MANAGEMENT REVIEW. Each proposed
16 47 waiver or suspension of an administrative rule as
16 48 authorized by this section shall be submitted to the
16 49 department of management for review prior to the
16 50 waiver or suspension becoming effective. The director
17 1 of the department of management may disapprove the
17 2 waiver or suspension if, based on clear and convincing
17 3 evidence, the director determines that the suspension
17 4 or waiver would result in an adverse financial impact

17 5 on the state.
17 6 Sec. 33. NEW SECTION. 7J.2 CHARTER AGENCY LOAN
17 7 FUND.
17 8 1. A charter agency loan fund is created in the
17 9 state treasury under the control of the department of
17 10 management for the purpose of providing funding to
17 11 support innovation by those state agencies designated
17 12 as charter agencies in accordance with section 7J.1.
17 13 Innovation purposes shall include but are not limited
17 14 to training, development of outcome measurement
17 15 systems, management system modifications, and other
17 16 modifications associated with transition of operations
17 17 to charter agency status. Moneys in the fund are
17 18 appropriated to the department of management for the
17 19 purposes described in this subsection.
17 20 2. A charter agency requesting a loan from the
17 21 fund shall complete an application process designated
17 22 by the director of the department of management.
17 23 Minimum loan requirements for charter agency requests
17 24 shall be determined by the director.
17 25 3. In order for the fund to be self-supporting,
17 26 the director of the department of management shall
17 27 establish repayment schedules for each loan awarded.
17 28 An agency shall repay the loan over a period not to
17 29 exceed five years with interest, at a rate to be
17 30 determined by the director.
17 31 4. Notwithstanding section 12C.7, subsection 2,
17 32 interest or earnings on moneys deposited in the
17 33 charter agency loan fund shall be credited to the
17 34 charter agency loan fund. Notwithstanding section
17 35 8.33, moneys credited to the charter agency loan fund
17 36 shall not revert to the fund from which appropriated
17 37 at the close of a fiscal year.
17 38 Sec. 34. NEW SECTION. 7J.3 REPEAL. This chapter
17 39 is repealed June 30, 2008.
17 40 Sec. 35. CHARTER AGENCY APPROPRIATIONS.
17 41 1. Notwithstanding any provision of law to the
17 42 contrary, the total appropriations from the general
17 43 fund of the state to those departments and agencies
17 44 designated as charter agencies for the fiscal year
17 45 beginning July 1, 2003, and ending June 30, 2004, as
17 46 provided by the appropriation to those agencies as
17 47 enacted by the Eightieth General Assembly, 2003
17 48 Regular Session, shall be reduced by \$15,000,000. The
17 49 department of management shall apply the appropriation
17 50 reductions, with a target of a 10 percent reduction
18 1 for each charter agency, as necessary to achieve the
18 2 overall reduction amount and shall make this
18 3 information available to the legislative fiscal
18 4 committee and the legislative fiscal bureau. It is
18 5 the intent of the general assembly that appropriations
18 6 to a charter agency in subsequent fiscal years shall
18 7 be similarly adjusted from the appropriation that
18 8 would otherwise have been enacted.
18 9 2. There is appropriated from the general fund of
18 10 the state to the department of management for the
18 11 fiscal year beginning July 1, 2003, and ending June
18 12 30, 2004, the following amount, or so much thereof as
18 13 is necessary, to be used for the purposes designated:
18 14 For deposit in the charter agency loan fund created
18 15 in section 7J.2:
18 16 \$ 3,000,000
18 17 3. For the fiscal year beginning July 1, 2003, and
18 18 ending June 30, 2004, if the actual amount of revenue
18 19 received by a charter agency exceeds the revenue
18 20 amount budgeted for that charter agency by the
18 21 governor and the general assembly, the charter agency
18 22 may consider the excess amount to be repayment
18 23 receipts as defined in section 8.2.
18 24 Sec. 36. EFFECTIVE DATE. This division of this
18 25 Act, being deemed of immediate importance, takes
18 26 effect upon enactment.
18 27 DIVISION XIII
18 28 HEALTH INSURANCE INCENTIVE
18 29 Sec. 37. STATE EMPLOYEE HEALTH INSURANCE COSTS ==
18 30 INCENTIVE PROGRAM. The department of personnel, or
18 31 its successor, may establish, with the approval of the
18 32 executive council, an incentive program for state
18 33 employees to encourage the reduction of health
18 34 insurance costs for the fiscal year beginning July 1,
18 35 2003. If established, the incentive program shall

18 36 provide that an amount equal to one-half of any
18 37 savings realized through implementation of the program
18 38 shall be distributed to applicable insured state
18 39 employees in a manner established by the incentive
18 40 program. The department shall provide the legislative
18 41 government oversight committee with a copy of the
18 42 proposed incentive program submitted to the executive
18 43 council for approval. The department shall also
18 44 submit a written update to the legislative government
18 45 oversight committee by December 31, 2003, concerning
18 46 its progress in implementing an incentive program.

18 47 DIVISION XIV

18 48 AREA EDUCATION AGENCIES

18 49 Sec. 38. AREA EDUCATION AGENCY SERVICE DELIVERY
18 50 TASK FORCE.

19 1 1. The department of education shall establish a
19 2 task force to study the delivery of media services,
19 3 educational services, and special education support
19 4 services by the area education agencies. The task
19 5 force shall study issues including, but not limited
19 6 to, all of the following:

19 7 a. The potentiality of a fee for services, such as
19 8 cooperative purchasing.

19 9 b. The potential effects of allowing school
19 10 districts to petition to join a noncontiguous area
19 11 education agency.

19 12 c. Opportunities for area education agencies to
19 13 collaborate with community colleges and other higher
19 14 education institutions, local libraries, and other
19 15 community providers.

19 16 d. Special education delivery by area education
19 17 agencies and school districts, including the state's
19 18 success in serving students identified as level I.
19 19 This portion of the study shall also include a review
19 20 of identification of students as level I; remediation,
19 21 the success of preventative programs, including but
19 22 not limited to, the early intervention block grant
19 23 program; intensive instruction and tutoring; and
19 24 appropriate reading instruction methodologies.

19 25 e. Reduction of special education funding
19 26 deficits, including a review of the use of state and
19 27 federal funds for special education and related
19 28 preventative programs.

19 29 2. The task force membership shall include all of
19 30 the following:

19 31 a. The director of the department of education or
19 32 the director's designee.

19 33 b. An area education agency administrator.

19 34 c. A person representing the interests of special
19 35 education students.

19 36 d. A superintendent of a district with an
19 37 enrollment of more than six hundred students.

19 38 e. A superintendent of a district with an
19 39 enrollment of six hundred or fewer students.

19 40 f. A person from the private sector with
19 41 experience in developing plans for cost savings.

19 42 g. A person who is a private provider of special
19 43 education services.

19 44 h. An administrator of an accredited nonpublic
19 45 school.

19 46 i. Ten members of the general assembly, including
19 47 five senators appointed by the president of the senate
19 48 after consultation with the majority and minority
19 49 leaders of the senate, and five representatives
19 50 appointed by the speaker of the house of
20 1 representatives after consultation with the majority
20 2 and minority leaders of the house of representatives.

20 3 3. The department shall submit its findings and
20 4 recommendations in a report to the chairpersons and
20 5 ranking members of the senate and house standing
20 6 committees on education and the joint appropriations
20 7 subcommittee on education by December 15, 2003.

20 8 Sec. 39. SPECIAL EDUCATION SUPPORT SERVICES
20 9 BALANCE REDUCTION.

20 10 1. For the fiscal year beginning July 1, 2003, and
20 11 ending June 30, 2004, area education agency special
20 12 education support services fund balances shall be
20 13 reduced, with each area education agency remitting to
20 14 the state the following designated amount:

20 15 a. Area Education Agency 1	\$	517,120
20 16 b. Area Education Agency 4	\$	221,604

20 17	c. Area Education Agencies 3 and 5, and their	
20 18	successor area education agency	\$ 995,807
20 19	d. Area Education Agencies 2, 6, 7, and their	
20 20	successor area education agency	\$ 913,710
20 21	e. Area Education Agency 9	\$ 468,138
20 22	f. Area Education Agency 10	\$ 964,357
20 23	g. Area Education Agency 11	\$ 3,620,018
20 24	h. Area Education Agency 12	\$ 512,949
20 25	i. Area Education Agency 13	\$ 666,285
20 26	j. Area Education Agency 14	\$ 405,065
20 27	k. Area Education Agency 15	\$ 413,282
20 28	l. Area Education Agency 16	\$ 301,664

20 29 2. Notwithstanding the provisions of section
20 30 257.37, an area education agency may use the funds
20 31 determined to be available under section 257.35 in a
20 32 manner which it believes is appropriate to best
20 33 maintain the level of required area education agency
20 34 special education services. An area education agency
20 35 may also use unreserved fund balances for media
20 36 services or education services in a manner which it
20 37 believes is appropriate to best maintain the level of
20 38 required area education agency special education
20 39 services.

20 40 Sec. 40. Section 257.35, subsection 2, Code 2003,
20 41 is amended to read as follows:

20 42 2. Notwithstanding subsection 1, the state aid for
20 43 area education agencies and the portion of the
20 44 combined district cost calculated for these agencies
20 45 for ~~each the fiscal year of the fiscal period~~

~~20 46 beginning July 1, 2002, and ending June 30, 2004~~

~~20 47 beginning July 1, 2002, and each succeeding fiscal~~

~~20 48 year~~, shall be reduced by the department of management
20 49 by seven million five hundred thousand dollars. The
20 50 reduction for each area education agency shall be
21 1 equal to the reduction that the agency received in the
21 2 fiscal year beginning July 1, 2001.

21 3 Sec. 41. Section 257.35, Code 2003, is amended by
21 4 adding the following new subsection:

21 5 NEW SUBSECTION. 3. Notwithstanding subsection 1,
21 6 and in addition to the reduction applicable pursuant
21 7 to subsection 2, the state aid for area education
21 8 agencies and the portion of the combined district cost
21 9 calculated for these agencies for the fiscal year
21 10 beginning July 1, 2003, and ending June 30, 2004,
21 11 shall be reduced by the department of management by
21 12 ten million dollars. The department shall calculate a
21 13 reduction such that each area education agency shall
21 14 receive a reduction proportionate to the amount that
21 15 it would otherwise have received under this section if
21 16 the reduction imposed pursuant to this subsection did
21 17 not apply.

21 18 Sec. 42. Section 257.37, subsection 6, Code 2003,
21 19 is amended to read as follows:

21 20 6. For the budget ~~years~~ year beginning July 1,
21 21 2002, and ~~July 1, 2003~~ each succeeding budget year,
21 22 notwithstanding the requirements of this section for
21 23 determining the budgets and funding of media services
21 24 and education services, an area education agency may,
21 25 within the limits of the total of the funds provided
21 26 for the budget years pursuant to section 257.35,
21 27 expend for special education support services an
21 28 amount that exceeds the payment for special education
21 29 support services pursuant to section 257.35 in order
21 30 to maintain the level of required special education
21 31 support services in the area education agency.

21 32 Sec. 43. EFFECTIVE DATE. This division of this
21 33 Act, being deemed of immediate importance, takes
21 34 effect upon enactment.

21 35 DIVISION XV

21 36 CHILD WELFARE SERVICES

21 37 Sec. 44. CHILD WELFARE SERVICES SYSTEM REDESIGN.

21 38 1. PURPOSE. The department of human services
21 39 shall initiate a process for improving the outcomes
21 40 for families in this state who become involved with
21 41 the state system for child welfare and juvenile
21 42 justice by implementing a system redesign to
21 43 transition to an outcomes-based system for children
21 44 identified in this section. The outcomes-based system
21 45 shall be organized based upon the federal and state
21 46 child welfare outcomes and expectations and shall
21 47 address the following purposes for the children and

21 48 families involved with the state system:
21 49 a. Safety.
21 50 (1) Children are, first and foremost, protected
22 1 from abuse and neglect.
22 2 (2) Children are safely maintained in the
22 3 children's homes with family, whenever possible.
22 4 b. Permanency.
22 5 (1) Children have permanency and stability in the
22 6 children's living situations.
22 7 (2) The continuity of children's family
22 8 relationships and community connections is preserved.
22 9 c. Child and family well-being.
22 10 (1) Family capacity to provide for the needs of
22 11 the children who are part of the family is enhanced.
22 12 (2) Children receive appropriate services to meet
22 13 the children's educational needs.
22 14 (3) Children receive additional services that are
22 15 appropriate to meet the children's physical and mental
22 16 health needs.
22 17 (4) Youth who are becoming adults and leaving the
22 18 service system for children will receive appropriate
22 19 services to make the transition to become self=
22 20 sufficient and contributing members of the community.
22 21 d. Public safety. Communities are protected from
22 22 juvenile crime.
22 23 e. Accountability. Communities are made whole
22 24 through completion of community service activities
22 25 assigned to juvenile offenders.
22 26 f. Rehabilitation. Youth receive appropriate
22 27 services and make measurable progress toward acquiring
22 28 the skills that are essential to law-abiding,
22 29 productive citizens.
22 30 2. CHILDREN INVOLVED. The service system redesign
22 31 shall address the needs of children who are referred
22 32 to the department of human services or juvenile court
22 33 services, including but not limited to all of the
22 34 following:
22 35 a. Children adjudicated as a child in need of
22 36 assistance under chapter 232.
22 37 b. Children adjudicated delinquent under chapter
22 38 232 or alleged to have committed a delinquent act and
22 39 identified in a police report or other formal
22 40 complaint received by juvenile court services.
22 41 c. Children subject to emergency removal under
22 42 chapter 232 or placed for emergency care under section
22 43 232.20 or 232.21.
22 44 d. Children identified through a child abuse
22 45 assessment conducted in accordance with section
22 46 232.71B as being at risk of harm from maltreatment due
22 47 to child abuse.
22 48 3. DESIGN PRINCIPLES. The service system redesign
22 49 shall incorporate all of the following design
22 50 principles:
23 1 a. Outcomes can be achieved in the most efficient
23 2 and cost-effective manner possible.
23 3 b. The roles of public and private child welfare
23 4 staff and the state institutions in the redesigned
23 5 system's delivery model are clarified.
23 6 c. The financing structure maximizes state and
23 7 federal funding with as much flexibility as possible
23 8 and directs funds to services and other support based
23 9 upon the needs of children and families.
23 10 d. The methodology for purchasing performance
23 11 outcomes includes definitions of performance
23 12 expectations, reimbursement provisions, financial
23 13 incentives, provider flexibility provisions, and
23 14 viable protection provisions for children, the state,
23 15 and providers.
23 16 e. The regulatory and contract monitoring
23 17 approaches are designed to assure effective oversight
23 18 and quality and to address federal program and budget
23 19 accountability expectations, with appropriate
23 20 recognition of the need to balance the impact upon
23 21 service providers.
23 22 f. The administrative aspects address system
23 23 planning and support, data collection, management
23 24 information systems, training, policy development, and
23 25 budgeting.
23 26 4. DESIGN CONSIDERATIONS. The service system
23 27 redesign shall address all of the following design
23 28 considerations:

23 29 a. Successful outcome and performance-based system
23 30 changes made in other states and communities are
23 31 incorporated.

23 32 b. Linkages are made with the existing community
23 33 planning efforts and partnerships are promoted with
23 34 parents, the courts, the department, and service
23 35 providers. The redesign shall build upon successful
23 36 Iowa programs such as community partnerships for
23 37 protecting children, child welfare funding
23 38 decategorization projects, and quality service
23 39 reviews.

23 40 c. Federal program and budget accountability
23 41 expectations are addressed.

23 42 d. Linkages with other critical service systems
23 43 are effectively incorporated, including but not
23 44 limited to the systems for mental health, domestic
23 45 abuse, and substance abuse services, and the judicial
23 46 branch.

23 47 e. Options are considered for implementation of an
23 48 acuity-based, case rate system that offers bonuses or
23 49 other incentives for providers that achieve identified
23 50 results and for providers that are able to develop
24 1 strategic and collaborative relationships with other
24 2 providers.

24 3 f. Policy options are developed to address the
24 4 needs of difficult-to-treat children, such as no=
24 5 eject, no-reject time periods.

24 6 g. Implementation of evidence-based and continuous
24 7 learning practices are promoted in the public and
24 8 private sectors in order to measure and improve
24 9 outcomes.

24 10 5. REDESIGN PLANNING PROCESS. The department of
24 11 human services shall implement an inclusive process
24 12 for the service system redesign utilizing a
24 13 stakeholder panel to involve a broad spectrum of input
24 14 into the redesign planning, design, implementation,
24 15 and evaluation process. The stakeholder panel
24 16 membership may include but is not limited to
24 17 representation from all of the following:

24 18 a. Service consumers.

24 19 b. Judicial branch and justice system.

24 20 c. Service providers.

24 21 d. Community-based collaboration efforts such as
24 22 child welfare decategorization projects and community
24 23 partnership for child protection projects.

24 24 e. Foster and adoptive parents.

24 25 f. Advocacy groups.

24 26 g. Departmental staff.

24 27 h. Education and special education practitioners.

24 28 i. Others.

24 29 6. LEGISLATIVE MONITORING. A six-member
24 30 legislative committee is established to monitor the
24 31 service system redesign planning and implementation.
24 32 The members shall be appointed as follows: two
24 33 members by the senate majority leader, one member by
24 34 the senate minority leader, two members by the speaker
24 35 of the house of representatives, and one member by the
24 36 minority leader of the house of representatives. The
24 37 committee shall provide advice and consultation to the
24 38 department and consider any legislative changes that
24 39 may be needed for implementation.

24 40 7. IMPLEMENTATION. The following implementation
24 41 provisions apply to the service system redesign:

24 42 a. Implementation of the redesign plan shall begin
24 43 no later than January 1, 2004.

24 44 b. The department of human services may adopt
24 45 emergency rules under section 17A.4, subsection 2, and
24 46 section 17A.5, subsection 2, paragraph "b", to
24 47 implement the provisions of this section and the rules
24 48 shall be effective immediately upon filing or on a
24 49 later date specified in the rules, unless the
24 50 effective date is delayed by the administrative rules
25 1 review committee. Any rules adopted in accordance
25 2 with this paragraph shall not take effect before the
25 3 rules are reviewed by the administrative rules review
25 4 committee. The delay authority provided to the
25 5 administrative rules review committee under section
25 6 17A.4, subsection 5, and section 17A.8, subsection 9,
25 7 shall be applicable to a delay imposed under this
25 8 paragraph, notwithstanding a provision in those
25 9 sections making them inapplicable to section 17A.5,

25 10 subsection 2, paragraph "b". Any rules adopted in
25 11 accordance with this paragraph shall also be published
25 12 as a notice of intended action as provided in section
25 13 17A.4.

25 14 c. The director of human services shall seek any
25 15 federal waiver or federal plan amendment relating to
25 16 funding provided under Title IV=B, IV=E, or XIX of the
25 17 federal Social Security Act necessary to implement the
25 18 service system redesign.

25 19 8. STATUTORY REQUIREMENTS. The requirements of
25 20 sections 18.6 and 72.3 and the administrative rules
25 21 implementing section 8.47 are not applicable to the
25 22 services procurement process used to implement the
25 23 outcomes-based service system redesign in accordance
25 24 with this section. The department of human services
25 25 may enter into competitive negotiations and proposal
25 26 modifications with each successful contractor as
25 27 necessary to implement the provisions of this section.

25 28 9. APPROPRIATIONS REDUCTION. The appropriations
25 29 made from the general fund of the state to the
25 30 department of human services for the fiscal year
25 31 beginning July 1, 2003, and ending June 30, 2004, in
25 32 2003 Iowa Acts, House File 667, if enacted, for
25 33 services, staffing, and support related to the service
25 34 system redesign are reduced by \$10,000,000. The
25 35 governor shall apply the appropriations reductions on
25 36 or before January 1, 2004, following consultation with
25 37 the director of human services, the council on human
25 38 services, and the legislative monitoring committee
25 39 established pursuant to this section. The
25 40 appropriations subject to reduction shall include but
25 41 are not limited to the appropriations made for child
25 42 and family services, field operations, medical
25 43 assistance program, and general administration. The
25 44 appropriations reductions applied by the governor
25 45 shall be reported to the general assembly on the date
25 46 the reductions are applied. If the judicial branch
25 47 reports a revision to the judicial branch budget for
25 48 juvenile court services making a reduction as a result
25 49 of the service system redesign, the amount of the
25 50 reductions applied by the governor shall be reduced by
26 1 the same amount.

26 2 Sec. 45. CHILD WELFARE SYSTEM REDESIGN. There is
26 3 appropriated from the general fund of the state to the
26 4 department of human services for the fiscal year
26 5 beginning July 1, 2003, and ending June 30, 2004, the
26 6 following amounts, or so much thereof as is necessary,
26 7 to be used for the purposes designated:

26 8 1. For training of service providers and
26 9 departmental employees in performance contracting, new
26 10 service roles, and other skills and information
26 11 related to the redesign of the child welfare service
26 12 system, and for the development of a statewide
26 13 information system for implementation of changes
26 14 associated with the service system redesign:

26 15 \$ 1,200,000

26 16 2. For deposit in a provider loan fund, which
26 17 shall be created in the office of the treasurer of
26 18 state under the authority of the department of human
26 19 services, to be used to assist child welfare service
26 20 providers with short-term cash flow needs:

26 21 \$ 1,000,000

26 22 Moneys in the provider loan fund are appropriated
26 23 to the department for use in accordance with this
26 24 subsection. The department shall determine the length
26 25 and interest rate for loans, if any. Loan repayment
26 26 proceeds shall be credited to the provider loan fund
26 27 and are appropriated to the department to be used for
26 28 other loans.

26 29 Sec. 46. Section 2C.9, Code 2003, is amended by
26 30 adding the following new subsection:

26 31 NEW SUBSECTION. 1A. Investigate, on complaint or
26 32 on the citizens' aide's own motion, any administrative
26 33 action of any person providing child welfare or
26 34 juvenile justice services under contract with an
26 35 agency that is subject to investigation by the
26 36 citizens' aide. The person shall be considered to be
26 37 an agency for purposes of the citizens' aide's
26 38 investigation.

26 39 DIVISION XVI
26 40 DEPARTMENT OF HUMAN SERVICES REINVENTION

26 41 Sec. 47. APPROPRIATIONS REDUCTION. The
26 42 appropriations made from the general fund of the state
26 43 for the fiscal year beginning July 1, 2003, and ending
26 44 June 30, 2004, to the department of human services in
26 45 2003 Iowa Acts, House File 667, if enacted, are
26 46 reduced by \$300,000 to reflect the anticipated savings
26 47 from the electronic payment of benefits and billings
26 48 implemented pursuant to this division of this Act.
26 49 The governor shall apply the appropriations reductions
26 50 on or before January 1, 2004, following consultation
27 1 with the director of human services and the council on
27 2 human services. The appropriations reductions applied
27 3 by the governor shall be reported to the general
27 4 assembly on the date the reductions are applied.

27 5 Sec. 48. SYSTEM EFFICIENCIES == ELECTRONIC BILLING
27 6 AND PAYMENT == COMPATIBILITY == COMMUNICATIONS.

27 7 1. The department of human services shall develop
27 8 a plan to provide all provider payments under the
27 9 medical assistance program on an electronic basis by
27 10 June 30, 2005.

27 11 2. The department of human services shall submit a
27 12 plan to implement an electronic billing and payment
27 13 system for child care providers to the governor and
27 14 the general assembly by January 1, 2004.

27 15 3. In developing any billing, payment, or
27 16 eligibility systems, the department of human services
27 17 shall ensure that the systems are compatible.

27 18 4. The department of human services shall
27 19 investigate measures to increase effective and
27 20 efficient communications with clients, including but
27 21 not limited to reducing duplicative mailings, and
27 22 shall submit a report of recommendations to the
27 23 governor and the general assembly by January 1, 2004.

27 24 Sec. 49. MEDICAL ASSISTANCE PROGRAM REDESIGN.

27 25 1. The department of human services shall
27 26 establish a work group in cooperation with
27 27 representatives of the insurance industry to develop a
27 28 plan for the redesign of the medical assistance
27 29 program. In developing the redesign plan, the work
27 30 group shall consider all of the following:

27 31 a. Iowa's medical assistance program cannot be
27 32 sustained in a manner that provides care for
27 33 participants at the current rate of growth.

27 34 b. Iowans deserve a health care safety net that
27 35 provides health care that is timely, effective, and
27 36 responsive to individual needs.

27 37 c. Iowans would be better served, at a lower cost
27 38 to taxpayers, if persons who are at risk of becoming
27 39 medical assistance recipients due to their income,
27 40 health, and insurance status could be identified and
27 41 insured.

27 42 d. Iowa's children and families would benefit from
27 43 the use of a medical home model that links children
27 44 and families to an ongoing source of medical care that
27 45 ensures access to and appropriate utilization of
27 46 medical services including preventive services.

27 47 e. Iowa's senior population should have more
27 48 options available to address the population's health
27 49 care needs including home and community-based services
27 50 and assisted living.

28 1 2. The redesign plan shall include measures such
28 2 as providing state funding for health care spending
28 3 accounts for families in the medical assistance
28 4 program in order to provide incentives for effective
28 5 health care cost management, providing an insurance=
28 6 like benefit package for those individuals with
28 7 extensive medical needs that emphasizes flexible and
28 8 preventive care through case management, moving to an
28 9 acuity-based reimbursement system for dually eligible
28 10 seniors, and developing an evidence-based
28 11 pharmaceutical program.

28 12 3. The department shall submit a progress report
28 13 of the work group's recommendations for medical
28 14 assistance program redesign to the governor and the
28 15 general assembly by January 15, 2004.

28 16 Sec. 50. MEDICAL ASSISTANCE APPROPRIATION
28 17 REDUCTION. The appropriation made from the general
28 18 fund of the state for the fiscal year beginning July
28 19 1, 2003, and ending June 30, 2004, to the department
28 20 of human services in 2003 Iowa Acts, House File 667,
28 21 if enacted, for medical assistance is reduced by

28 22 \$7,500,000.
 28 23 Sec. 51. HOSPITAL TRUST FUND == MEDICAL ASSISTANCE
 28 24 SUPPLEMENT.
 28 25 1. Notwithstanding 2002 Iowa Acts, chapter 1003,
 28 26 Second Extraordinary Session, sections 150 and 151, as
 28 27 the sections relate to the hospital trust fund, moneys
 28 28 shall not be transferred from the hospital trust fund
 28 29 at the end of the fiscal year beginning July 1, 2003.
 28 30 2. There is appropriated from the hospital trust
 28 31 fund to the department of human services for the
 28 32 fiscal year beginning July 1, 2003, and ending June
 28 33 30, 2004, the following amount, or so much thereof as
 28 34 is necessary to be used for the purposes designated:
 28 35 To supplement the medical assistance appropriation
 28 36 made in 2003 Iowa Acts, House File 667, if enacted:
 28 37 \$ 14,000,000
 28 38 The appropriation made in this subsection shall
 28 39 include moneys in the hospital trust fund that remain
 28 40 unencumbered or unobligated at the end of the fiscal
 28 41 year beginning July 1, 2002, and ending June 30, 2003.
 28 42 Sec. 52. IOWA JUVENILE HOME. The appropriation
 28 43 made from the general fund of the state for the fiscal
 28 44 year beginning July 1, 2003, and ending June 30, 2004,
 28 45 to the department of human services in 2003 Iowa Acts,
 28 46 House File 667, if enacted, for the Iowa juvenile home
 28 47 at Toledo, is reduced by \$410,540.
 28 48 Sec. 53. STATE TRAINING SCHOOL. The appropriation
 28 49 made from the general fund of the state for the fiscal
 28 50 year beginning July 1, 2003, and ending June 30, 2004,
 29 1 to the department of human services in 2003 Iowa Acts,
 29 2 House File 667, if enacted, for the state training
 29 3 school at Eldora is reduced by \$1,239,227.
 29 4 Sec. 54. INDEPENDENCE MHI. The appropriation made
 29 5 from the general fund of the state for the fiscal year
 29 6 beginning July 1, 2003, and ending June 30, 2004, to
 29 7 the department of human services in 2003 Iowa Acts,
 29 8 House File 667, if enacted, for the state mental
 29 9 health institute at Independence, is reduced by
 29 10 \$544,192.
 29 11 Sec. 55. NEW SECTION. 249A.32 PHARMACEUTICAL
 29 12 SETTLEMENT ACCOUNT == MEDICAL ASSISTANCE PROGRAM.
 29 13 1. A pharmaceutical settlement account is created
 29 14 in the state treasury under the authority of the
 29 15 department of human services. Moneys received from
 29 16 settlements relating to provision of pharmaceuticals
 29 17 under the medical assistance program shall be
 29 18 deposited in the account.
 29 19 2. Moneys in the account shall be used only as
 29 20 provided in appropriations from the account to the
 29 21 department for the purpose of technology upgrades
 29 22 under the medical assistance program.
 29 23 3. The account shall be separate from the general
 29 24 fund of the state and shall not be considered part of
 29 25 the general fund of the state. The moneys in the
 29 26 account shall not be considered revenue of the state,
 29 27 but rather shall be funds of the account. The moneys
 29 28 in the account are not subject to reversion to the
 29 29 general fund of the state under section 8.33 and shall
 29 30 not be transferred, used, obligated, appropriated, or
 29 31 otherwise encumbered, except to provide for the
 29 32 purposes of this section. Notwithstanding section
 29 33 12C.7, subsection 2, interest or earnings on moneys
 29 34 deposited in the account shall be credited to the
 29 35 account.
 29 36 4. The treasurer of state shall provide a
 29 37 quarterly report of account activities and balances to
 29 38 the director.
 29 39 Sec. 56. Section 256.7, subsection 10, Code 2003,
 29 40 is amended to read as follows:
 29 41 10. Adopt rules pursuant to chapter 17A relating
 29 42 to educational programs and budget limitations for
 29 43 educational programs pursuant to sections ~~282.28,~~
 29 44 ~~282.29, 282.30, and 282.31, and 282.33.~~
 29 45 Sec. 57. Section 282.32, Code 2003, is amended to
 29 46 read as follows:
 29 47 282.32 APPEAL.
 29 48 An area education agency or local school district
 29 49 may appeal a decision made pursuant to section ~~282.28~~
 29 50 ~~or 282.31~~ to the state board of education. The
 30 1 decision of the state board is final.
 30 2 Sec. 58. NEW SECTION. 282.33 FUNDING FOR

30 3 CHILDREN RESIDING IN STATE MENTAL HEALTH INSTITUTES OR
30 4 INSTITUTIONS.

30 5 1. A child who resides in an institution for
30 6 children under the jurisdiction of the director of
30 7 human services referred to in section 218.1,
30 8 subsection 3, 5, 7, or 8, and who is not enrolled in
30 9 the educational program of the district of residence
30 10 of the child, shall receive appropriate educational
30 11 services. The institution in which the child resides
30 12 shall submit a proposed program and budget based on
30 13 the average daily attendance of the children residing
30 14 in the institution to the department of education and
30 15 the department of human services by January 1 for the
30 16 next succeeding school year. The department of
30 17 education shall review and approve or modify the
30 18 proposed program and budget and shall notify the
30 19 department of revenue and finance of its action by
30 20 February 1. The department of revenue and finance
30 21 shall pay the approved budget amount to the department
30 22 of human services in monthly installments beginning
30 23 September 15 and ending June 15 of the next succeeding
30 24 school year. The installments shall be as nearly
30 25 equal as possible as determined by the department of
30 26 revenue and finance, taking into consideration the
30 27 relative budget and cash position of the state's
30 28 resources. The department of revenue and finance
30 29 shall pay the approved budget amount for the
30 30 department of human services from the moneys
30 31 appropriated under section 257.16 and the department
30 32 of human services shall distribute the payment to the
30 33 institution. The institution shall submit an
30 34 accounting for the actual cost of the program to the
30 35 department of education by August 1 of the following
30 36 school year. The department shall review and approve
30 37 or modify all expenditures incurred in compliance with
30 38 the guidelines adopted pursuant to section 256.7,
30 39 subsection 10, and shall notify the department of
30 40 revenue and finance of the approved accounting amount.
30 41 The approved accounting amount shall be compared with
30 42 any amounts paid by the department of revenue and
30 43 finance to the department of human services and any
30 44 differences added to or subtracted from the October
30 45 payment made under this subsection for the next school
30 46 year. Any amount paid by the department of revenue
30 47 and finance shall be deducted monthly from the state
30 48 foundation aid paid under section 257.16 to all school
30 49 districts in the state during the subsequent fiscal
30 50 year. The portion of the total amount of the approved
31 1 budget that shall be deducted from the state aid of a
31 2 school district shall be the same as the ratio that
31 3 the budget enrollment for the budget year of the
31 4 school district bears to the total budget enrollment
31 5 in the state for that budget year in which the
31 6 deduction is made.

31 7 2. Programs may be provided during the summer and
31 8 funded under this section if the institution
31 9 determines a valid educational reason to do so and the
31 10 department of education approves the program in the
31 11 manner provided in subsection 1.

31 12 Sec. 59. Section 282.28, Code 2003, is repealed.

31 13 Sec. 60. FY 2003=2004 FUNDING. For purposes of
31 14 providing funding for educational programs provided to
31 15 children residing in an institution for children under
31 16 the jurisdiction of the director of human services
31 17 referred to in section 218.1, subsection 3, 5, 7, or
31 18 8, the institution providing such programs to children
31 19 residing in the institution shall submit an estimated
31 20 proposed program and budget based on the estimated
31 21 average daily attendance of children who will likely
31 22 be provided educational programs during the fiscal
31 23 year beginning July 1, 2003, and ending June 30, 2004,
31 24 to the department of education and the department of
31 25 human services by August 1, 2003. The budget for the
31 26 institutions referred to in section 218.1, subsections
31 27 7 and 8, shall include funds to access services from
31 28 the area education agency in the manner in which the
31 29 services were accessed from the area education agency
31 30 in the fiscal year beginning July 1, 2002. The
31 31 department of education shall review and approve or
31 32 modify the proposed program and budget and shall
31 33 notify the department of revenue and finance of its

31 34 action by September 1, 2003. The department of
 31 35 revenue and finance shall pay the approved budget
 31 36 amount, and the department of human services shall
 31 37 distribute payments, as provided in section 282.33.
 31 38 Sec. 61. EFFECTIVE DATE. The section of this
 31 39 division of this Act relating to appropriation of
 31 40 moneys in the hospital trust fund, being deemed of
 31 41 immediate importance, takes effect upon enactment.
 31 42 DIVISION XVII
 31 43 REINVENTION INVESTMENT
 31 44 Sec. 62. DEPARTMENT OF MANAGEMENT. There is
 31 45 appropriated from the general fund of the state to the
 31 46 department of management for the fiscal year beginning
 31 47 July 1, 2003, and ending June 30, 2004, the following
 31 48 amount, or so much thereof as is necessary, to be used
 31 49 for the purpose designated:
 31 50 For investment in reinvention initiatives intended
 32 1 to produce ongoing savings, in addition to funds
 32 2 appropriated for this purpose in 2003 Iowa Acts, House
 32 3 File 655, section 11, subsection 3, if enacted:
 32 4
 32 5 \$ 1,350,000
 32 6 DIVISION XVIII
 32 7 IOWA LOTTERY AUTHORITY
 32 8 Sec. 63. NEW SECTION. 99G.1 TITLE.
 32 9 This chapter may be cited as the "Iowa Lottery
 32 10 Authority Act".
 32 11 Sec. 64. NEW SECTION. 99G.2 STATEMENT OF PURPOSE
 32 12 AND INTENT.
 32 13 The general assembly finds and declares the
 32 14 following:
 32 15 1. That net proceeds of lottery games conducted
 32 16 pursuant to this chapter should be transferred to the
 32 17 general fund of the state in support of a variety of
 32 18 programs and services.
 32 19 2. That lottery games are an entrepreneurial
 32 20 enterprise and that the state should create a public
 32 21 instrumentality of the state in the form of a
 32 22 nonprofit authority known as the Iowa lottery
 32 23 authority with comprehensive and extensive powers to
 32 24 operate a state lottery in an entrepreneurial and
 32 25 businesslike manner and which is accountable to the
 32 26 governor, the general assembly, and the people of the
 32 27 state through a system of audits, reports, legislative
 32 28 oversight, and thorough financial disclosure as
 32 29 required by this chapter.
 32 30 3. That lottery games shall be operated and
 32 31 managed in a manner that provides continuing
 32 32 entertainment to the public, maximizes revenues, and
 32 33 ensures that the lottery is operated with integrity
 32 34 and dignity and free from political influence.
 32 35 Sec. 65. NEW SECTION. 99G.3 DEFINITIONS.
 32 36 As used in this chapter, unless the context clearly
 32 37 requires otherwise:
 32 38 1. "Administrative expenses" includes, but is not
 32 39 limited to, personnel costs, travel, purchase of
 32 40 equipment and all other expenses not directly
 32 41 associated with the operation or sale of a game.
 32 42 2. "Authority" means the Iowa lottery authority.
 32 43 3. "Board" means the board of directors of the
 32 44 authority.
 32 45 4. "Chief executive officer" means the chief
 32 46 executive officer of the authority.
 32 47 5. "Game specific rules" means rules governing the
 32 48 particular features of specific games, including, but
 32 49 not limited to, setting the name, ticket price, prize
 32 50 structure, and prize claim period of the game.
 33 1 6. "Instant lottery" or "instant ticket" means a
 33 2 game that offers preprinted tickets such that when a
 33 3 protective coating is scratched or scraped away, it
 33 4 indicates immediately whether the player has won.
 33 5 7. "Lottery", "lotteries", "lottery game",
 33 6 "lottery games" or "lottery products" means any game
 33 7 of chance approved by the board and operated pursuant
 33 8 to this chapter and games using mechanical or
 33 9 electronic devices, provided that the authority shall
 33 10 not authorize a player-activated gaming machine that
 33 11 utilizes an internal randomizer to determine winning
 33 12 and nonwinning plays and that upon random internal
 33 13 selection of a winning play dispenses coins, currency,
 33 14 or a ticket, credit, or token to the player that is

33 15 redeemable for cash or a prize, and excluding gambling
33 16 or gaming conducted pursuant to chapter 99B, 99D, or
33 17 99F.

33 18 8. "Major procurement contract" means a consulting
33 19 agreement or a contract with a business organization
33 20 for the printing of tickets or the purchase or lease
33 21 of equipment or services essential to the operation of
33 22 a lottery game.

33 23 9. "Net proceeds" means all revenue derived from
33 24 the sale of lottery tickets or shares and all other
33 25 moneys derived from the lottery, less operating
33 26 expenses.

33 27 10. "On=line lotto" means a lottery game connected
33 28 to a central computer via telecommunications in which
33 29 the player selects a specified group of numbers,
33 30 symbols, or characters out of a predetermined range.

33 31 11. "Operating expenses" means all costs of doing
33 32 business, including, but not limited to, prizes and
33 33 associated prize reserves, computerized gaming system
33 34 vendor expense, instant and pull=tab ticket expense,
33 35 and other expenses directly associated with the
33 36 operation or sale of any game, compensation paid to
33 37 retailers, advertising and marketing costs, and
33 38 administrative expenses.

33 39 12. "Pull=tab ticket" or "pull=tab" means a game
33 40 that offers preprinted paper tickets with the play
33 41 data hidden beneath a protective tab or seal that when
33 42 opened reveals immediately whether the player has won.

33 43 13. "Retailer" means a person, licensed by the
33 44 authority, who sells lottery tickets or shares on
33 45 behalf of the authority pursuant to a contract.

33 46 14. "Share" means any intangible evidence of
33 47 participation in a lottery game.

33 48 15. "Ticket" means any tangible evidence issued by
33 49 the lottery to provide participation in a lottery
33 50 game.

34 1 16. "Vendor" means a person who provides or
34 2 proposes to provide goods or services to the authority
34 3 pursuant to a major procurement contract, but does not
34 4 include an employee of the authority, a retailer, or a
34 5 state agency or instrumentality thereof.

34 6 Sec. 66. NEW SECTION. 99G.4 IOWA LOTTERY
34 7 AUTHORITY CREATED.

34 8 1. An Iowa lottery authority is created, effective
34 9 September 1, 2003, which shall administer the state
34 10 lottery. The authority shall be deemed to be a public
34 11 authority and an instrumentality of the state, and not
34 12 a state agency. However, the authority shall be
34 13 considered a state agency for purposes of chapters
34 14 17A, 21, 22, 28E, 68B, 91B, 97B, 509A, and 669.

34 15 2. The income and property of the authority shall
34 16 be exempt from all state and local taxes, and the sale
34 17 of lottery tickets and shares issued and sold by the
34 18 authority and its retail licensees shall be exempt
34 19 from all state and local sales taxes.

34 20 Sec. 67. NEW SECTION. 99G.5 CHIEF EXECUTIVE
34 21 OFFICER.

34 22 The chief executive officer of the authority shall
34 23 be appointed by the governor subject to confirmation
34 24 by the senate and shall serve a four-year term of
34 25 office beginning and ending as provided in section
34 26 69.19. The chief executive officer shall be qualified
34 27 by training and experience to manage a lottery. The
34 28 governor may remove the chief executive officer for
34 29 malfeasance in office, or for any cause that renders
34 30 the chief executive officer ineligible, incapable, or
34 31 unfit to discharge the duties of the office.

34 32 Compensation and employment terms of the chief
34 33 executive officer shall be set by the governor, taking
34 34 into consideration the officer's level of education
34 35 and experience, as well as the success of the lottery.
34 36 The chief executive officer shall be an employee of
34 37 the authority and shall direct the day=to=day
34 38 operations and management of the authority and be
34 39 vested with such powers and duties as specified by the
34 40 board and by law.

34 41 Sec. 68. NEW SECTION. 99G.6 POWER TO ADMINISTER
34 42 OATHS AND TAKE TESTIMONY == SUBPOENA.

34 43 The chief executive officer or the chief executive
34 44 officer's designee if authorized to conduct an
34 45 inquiry, investigation, or hearing under this chapter

34 46 may administer oaths and take testimony under oath
34 47 relative to the matter of inquiry, investigation, or
34 48 hearing. At a hearing ordered by the chief executive
34 49 officer, the chief executive officer or the designee
34 50 may subpoena witnesses and require the production of
35 1 records, paper, or documents pertinent to the hearing.

35 2 Sec. 69. NEW SECTION. 99G.7 DUTIES OF THE CHIEF
35 3 EXECUTIVE OFFICER.

35 4 1. The chief executive officer of the authority
35 5 shall direct and supervise all administrative and
35 6 technical activities in accordance with the provisions
35 7 of this chapter and with the administrative rules,
35 8 policies, and procedures adopted by the board. The
35 9 chief executive officer shall do all of the following:

35 10 a. Facilitate the initiation and supervise and
35 11 administer the operation of the lottery games.

35 12 b. Employ an executive vice president, who shall
35 13 act as chief executive officer in the absence of the
35 14 chief executive officer, and employ and direct other
35 15 such personnel as deemed necessary.

35 16 c. Contract with and compensate such persons and
35 17 firms as deemed necessary for the operation of the
35 18 lottery.

35 19 d. Promote or provide for promotion of the lottery
35 20 and any functions related to the authority.

35 21 e. Prepare a budget for the approval of the board.

35 22 f. Require bond from such retailers and vendors in
35 23 such amounts as required by the board.

35 24 g. Report semiannually to the legislative
35 25 government oversight committees regarding the
35 26 operations of the authority.

35 27 h. Report quarterly and annually to the board, the
35 28 governor, the auditor of state, and the general
35 29 assembly a full and complete statement of lottery
35 30 revenues and expenses for the preceding quarter, and
35 31 with respect to the annual report, for the preceding
35 32 year and transfer proceeds to the general fund within
35 33 thirty days following the end of the quarter.

35 34 i. Perform other duties generally associated with
35 35 a chief executive officer of an authority of an
35 36 entrepreneurial nature.

35 37 2. The chief executive officer shall conduct an
35 38 ongoing study of the operation and administration of
35 39 lottery laws similar to this chapter in other states
35 40 or countries, of available literature on the subject,
35 41 of federal laws and regulations which may affect the
35 42 operation of the lottery and of the reaction of
35 43 citizens of this state to existing or proposed
35 44 features of lottery games with a view toward
35 45 implementing improvements that will tend to serve the
35 46 purposes of this chapter.

35 47 3. The chief executive officer may for good cause
35 48 suspend, revoke, or refuse to renew any contract
35 49 entered into in accordance with the provisions of this
35 50 chapter or the administrative rules, policies, and
36 1 procedures of the board.

36 2 4. The chief executive officer or the chief
36 3 executive officer's designee may conduct hearings and
36 4 administer oaths to persons for the purpose of
36 5 assuring the security or integrity of lottery
36 6 operations or to determine the qualifications of or
36 7 compliance by vendors and retailers.

36 8 Sec. 70. NEW SECTION. 99G.8 BOARD OF DIRECTORS.

36 9 1. The authority shall be administered by a board
36 10 of directors comprised of five members appointed by
36 11 the governor subject to confirmation by the senate.
36 12 Board members appointed when the senate is not in
36 13 session shall serve only until the end of the next
36 14 regular session of the general assembly, unless
36 15 confirmed by the senate.

36 16 2. Board members shall serve staggered terms of
36 17 four years beginning and ending as provided in section
36 18 69.19. No more than three board members shall be from
36 19 the same political party.

36 20 3. Board members may be removed by the governor
36 21 for neglect of duty, misfeasance, or nonfeasance in
36 22 office.

36 23 4. No officer or employee of the authority shall
36 24 be a member of the board.

36 25 5. Board members shall be residents of the state
36 26 of Iowa, shall be prominent persons in their

36 27 respective businesses or professions, and shall not
36 28 have been convicted of any felony offense. Of the
36 29 members appointed, the governor shall appoint to the
36 30 board an attorney admitted to the practice of law in
36 31 Iowa, an accountant, a person who is or has been a law
36 32 enforcement officer, and a person having expertise in
36 33 marketing.

36 34 6. A majority of members in office shall
36 35 constitute a quorum for the transaction of any
36 36 business and for the exercise of any power or function
36 37 of the authority.

36 38 7. Action may be taken and motions and resolutions
36 39 adopted by the board at any meeting thereof by the
36 40 affirmative vote of a majority of present and voting
36 41 board members.

36 42 8. No vacancy in the membership of the board shall
36 43 impair the right of the members to exercise all the
36 44 powers and perform all the duties of the board.

36 45 9. Board members shall be considered to hold
36 46 public office and shall give bond as such as required
36 47 in chapter 64.

36 48 10. Board members shall be entitled to receive a
36 49 per diem as specified in section 7E.6 for each day
36 50 spent in performance of duties as members, and shall
37 1 be reimbursed for all actual and necessary expenses
37 2 incurred in the performance of their official duties
37 3 as members. No person who serves as a member of the
37 4 board shall by reason of such membership be eligible
37 5 for membership in the Iowa public employees'
37 6 retirement system and service on the board shall not
37 7 be eligible for service credit for any public
37 8 retirement system.

37 9 11. The board shall meet at least quarterly and at
37 10 such other times upon call of the chairperson or the
37 11 president. Notice of the time and place of each board
37 12 meeting shall be given to each member. The board
37 13 shall also meet upon call of three or more of the
37 14 board members. The board shall keep accurate and
37 15 complete records of all its meetings.

37 16 12. Meetings of the board shall be governed by the
37 17 provisions of chapter 21.

37 18 13. Board members shall not have any direct or
37 19 indirect interest in an undertaking that puts their
37 20 personal interest in conflict with that of the
37 21 authority, including, but not limited to, an interest
37 22 in a major procurement contract or a participating
37 23 retailer.

37 24 14. The members shall elect from their membership
37 25 a chairperson and vice chairperson.

37 26 15. The board of directors may delegate to the
37 27 chief executive officer of the authority such powers
37 28 and duties as it may deem proper to the extent such
37 29 delegation is not inconsistent with the Constitution
37 30 of this state.

37 31 Sec. 71. NEW SECTION. 99G.9 BOARD DUTIES.

37 32 The board shall provide the chief executive officer
37 33 with private-sector perspectives of a large marketing
37 34 enterprise. The board shall do all of the following:

37 35 1. Approve, disapprove, amend, or modify the
37 36 budget recommended by the chief executive officer for
37 37 the operation of the authority.

37 38 2. Approve, disapprove, amend, or modify the terms
37 39 of major lottery procurements recommended by the chief
37 40 executive officer.

37 41 3. Adopt policies and procedures and promulgate
37 42 administrative rules pursuant to chapter 17A relating
37 43 to the management and operation of the authority. The
37 44 administrative rules promulgated pursuant to this
37 45 subsection may include but shall not be limited to the
37 46 following:

37 47 a. The type of games to be conducted.

37 48 b. The sale price of tickets or shares and the
37 49 manner of sale, including but not limited to
37 50 authorization of sale of tickets or shares at a
38 1 discount for marketing purposes, provided, however,
38 2 that a retailer may accept payment by cash, check,
38 3 money order, debit card, or electronic funds transfer
38 4 and shall not extend or arrange credit for the
38 5 purchase of a ticket or share. As used in this
38 6 section, "cash" means United States currency.

38 7 c. The number and amount of prizes, including but

38 8 not limited to prizes of free tickets or shares in
38 9 lottery games conducted by the authority and
38 10 merchandise prizes. The authority shall maintain and
38 11 make available for public inspection at its offices
38 12 during regular business hours a detailed listing of
38 13 the estimated number of prizes of each particular
38 14 denomination that are expected to be awarded in any
38 15 game that is on sale or the estimated odds of winning
38 16 the prizes and, after the end of the claim period,
38 17 shall maintain and make available a listing of the
38 18 total number of tickets or shares sold in a game and
38 19 the number of prizes of each denomination that were
38 20 awarded.

38 21 d. The method and location of selecting or
38 22 validating winning tickets or shares.

38 23 e. The manner and time of payment of prizes, which
38 24 may include lump-sum payments or installments over a
38 25 period of years.

38 26 f. The manner of payment of prizes to the holders
38 27 of winning tickets or shares after performing
38 28 validation procedures appropriate to the game and as
38 29 specified by the board.

38 30 g. The frequency of games and drawings or
38 31 selection of winning tickets or shares.

38 32 h. The means of conducting drawings, provided that
38 33 drawings shall be open to the public and witnessed by
38 34 an independent certified public accountant. Equipment
38 35 used to select winning tickets or shares or
38 36 participants for prizes shall be examined by an
38 37 independent certified public accountant prior to and
38 38 after each drawing.

38 39 i. The manner and amount of compensation to
38 40 lottery retailers.

38 41 j. The engagement and compensation of audit
38 42 services.

38 43 k. Any and all other matters necessary, desirable,
38 44 or convenient toward ensuring the efficient and
38 45 effective operation of lottery games, the continued
38 46 entertainment and convenience of the public, and the
38 47 integrity of the lottery.

38 48 4. Adopt game specific rules. The promulgation of
38 49 game specific rules shall not be subject to the
38 50 requirements of chapter 17A. However, game specific
39 1 rules shall be made available to the public prior to
39 2 the time the games go on sale and shall be kept on
39 3 file at the office of the authority.

39 4 5. Perform such other functions as specified by
39 5 this chapter.

39 6 Sec. 72. NEW SECTION. 99G.10 AUTHORITY
39 7 PERSONNEL.

39 8 1. All employees of the authority shall be
39 9 considered public employees.

39 10 2. Subject to the approval of the board, the chief
39 11 executive officer shall have the sole power to
39 12 designate particular employees as key personnel, but
39 13 may take advice from the department of personnel in
39 14 making any such designations. All key personnel shall
39 15 be exempt from the merit system described in chapter
39 16 19A. The chief executive officer and the board shall
39 17 have the sole power to employ, classify, and fix the
39 18 compensation of key personnel. All other employees
39 19 shall be employed, classified, and compensated in
39 20 accordance with chapters 19A and 20.

39 21 3. The chief executive officer and the board shall
39 22 have the exclusive power to determine the number of
39 23 full-time equivalent positions, as defined in chapter
39 24 8, necessary to carry out the provisions of this
39 25 chapter.

39 26 4. The chief executive officer shall have the sole
39 27 responsibility to assign duties to all authority
39 28 employees.

39 29 5. The authority may establish incentive programs
39 30 for authority employees.

39 31 6. An employee of the authority shall not have a
39 32 financial interest in any vendor doing business or
39 33 proposing to do business with the authority. However,
39 34 an employee may own shares of a mutual fund which may
39 35 hold shares of a vendor corporation provided the
39 36 employee does not have the ability to influence the
39 37 investment functions of the mutual fund.

39 38 7. An employee of the authority with decision=

39 39 making authority shall not participate in any decision
39 40 involving a retailer with whom the employee has a
39 41 financial interest.

39 42 8. A background investigation shall be conducted
39 43 by the department of public safety, division of
39 44 criminal investigation, on each applicant who has
39 45 reached the final selection process prior to
39 46 employment by the authority. For positions not
39 47 designated as sensitive by the board, the
39 48 investigation may consist of a state criminal history
39 49 background check, work history, and financial review.
39 50 The board shall identify those sensitive positions of
40 1 the authority which require full background
40 2 investigations, which positions shall include, at a
40 3 minimum, any officer of the authority, and any
40 4 employee with operational management responsibilities,
40 5 security duties, or system maintenance or programming
40 6 responsibilities related to the authority's data
40 7 processing or network hardware, software,
40 8 communication, or related systems. In addition to a
40 9 work history and financial review, a full background
40 10 investigation may include a national criminal history
40 11 record check through the federal bureau of
40 12 investigation. The screening of employees through the
40 13 federal bureau of investigation shall be conducted by
40 14 submission of fingerprints through the state criminal
40 15 history record repository to the federal bureau of
40 16 investigation. The results of background
40 17 investigations conducted pursuant to this section
40 18 shall not be considered public records under chapter
40 19 22.

40 20 9. A person who has been convicted of a felony or
40 21 bookmaking or other form of illegal gambling or of a
40 22 crime involving moral turpitude shall not be employed
40 23 by the authority.

40 24 10. The authority shall bond authority employees
40 25 with access to authority funds or lottery revenue in
40 26 such an amount as provided by the board and may bond
40 27 other employees as deemed necessary.

40 28 Sec. 73. NEW SECTION. 99G.11 CONFLICTS OF
40 29 INTEREST.

40 30 1. A member of the board, any officer, or other
40 31 employee of the authority shall not directly or
40 32 indirectly, individually, as a member of a partnership
40 33 or other association, or as a shareholder, director,
40 34 or officer of a corporation have an interest in a
40 35 business that contracts for the operation or marketing
40 36 of the lottery as authorized by this chapter, unless
40 37 the business is controlled or operated by a consortium
40 38 of lotteries in which the authority has an interest.

40 39 2. Notwithstanding the provisions of chapter 68B,
40 40 a person contracting or seeking to contract with the
40 41 state to supply gaming equipment or materials for use
40 42 in the operation of the lottery, an applicant for a
40 43 license to sell tickets or shares in the lottery, or a
40 44 retailer shall not offer a member of the board, any
40 45 officer, or other employee of the authority, or a
40 46 member of their immediate family a gift, gratuity, or
40 47 other thing having a value of more than the limits
40 48 established in chapter 68B, other than food and
40 49 beverage consumed at a meal. For purposes of this
40 50 subsection, "member of their immediate family" means a
41 1 spouse, child, stepchild, brother, brother-in-law,
41 2 stepbrother, sister, sister-in-law, stepsister,
41 3 parent, parent-in-law, or step-parent of the board
41 4 member, the officer, or other employee who resides in
41 5 the same household in the same principal residence of
41 6 the board member, officer, or other employee.

41 7 3. If a board member, officer, or other employee
41 8 of the authority violates a provision of this section,
41 9 the board member, officer, or employee shall be
41 10 immediately removed from the office or position.

41 11 4. Enforcement of this section against a board
41 12 member, officer, or other employee shall be by the
41 13 attorney general who upon finding a violation shall
41 14 initiate an action to remove the board member,
41 15 officer, or employee.

41 16 5. A violation of this section is a serious
41 17 misdemeanor.

41 18 Sec. 74. NEW SECTION. 99G.21 AUTHORITY POWERS,
41 19 TRANSFER OF ASSETS, LIABILITIES, AND OBLIGATIONS.

41 20 1. Funds of the state shall not be used or
41 21 obligated to pay the expenses or prizes of the
41 22 authority.

41 23 2. The authority shall have any and all powers
41 24 necessary or convenient to carry out and effectuate
41 25 the purposes and provisions of this chapter which are
41 26 not in conflict with the Constitution of this state,
41 27 including, but without limiting the generality of the
41 28 foregoing, the following powers:

41 29 a. To sue and be sued and to complain and defend
41 30 in all courts.

41 31 b. To adopt and alter a seal.

41 32 c. To procure or to provide insurance.

41 33 d. To hold copyrights, trademarks, and service
41 34 marks and enforce its rights with respect thereto.

41 35 e. To initiate, supervise, and administer the
41 36 operation of the lottery in accordance with the
41 37 provisions of this chapter and administrative rules,
41 38 policies, and procedures adopted pursuant thereto.

41 39 f. To enter into written agreements with one or
41 40 more other states or territories of the United States,
41 41 or one or more political subdivisions of another state
41 42 or territory of the United States, or any entity
41 43 lawfully operating a lottery outside the United States
41 44 for the operation, marketing, and promotion of a joint
41 45 lottery or joint lottery game. For the purposes of
41 46 this subsection, any lottery with which the authority
41 47 reaches an agreement or compact shall meet the
41 48 criteria for security, integrity, and finance set by
41 49 the board.

41 50 g. To conduct such market research as is necessary
42 1 or appropriate, which may include an analysis of the
42 2 demographic characteristics of the players of each
42 3 lottery game, and an analysis of advertising,
42 4 promotion, public relations, incentives, and other
42 5 aspects of communication.

42 6 h. Subject to the provisions of subsection 3, to
42 7 acquire or lease real property and make improvements
42 8 thereon and acquire by lease or by purchase, personal
42 9 property, including, but not limited to, computers;
42 10 mechanical, electronic, and on-line equipment and
42 11 terminals; and intangible property, including, but not
42 12 limited to, computer programs, systems, and software.

42 13 i. Subject to the provisions of subsection 3, to
42 14 enter into contracts to incur debt in its own name and
42 15 enter into financing agreements with the state,
42 16 agencies or instrumentalities of the state, or with
42 17 any commercial bank or credit provider.

42 18 j. To select and contract with vendors and
42 19 retailers.

42 20 k. To enter into contracts or agreements with
42 21 state or local law enforcement agencies for the
42 22 performance of law enforcement, background
42 23 investigations, and security checks.

42 24 l. To enter into contracts of any and all types on
42 25 such terms and conditions as the authority may
42 26 determine necessary.

42 27 m. To establish and maintain banking
42 28 relationships, including, but not limited to,
42 29 establishment of checking and savings accounts and
42 30 lines of credit.

42 31 n. To advertise and promote the lottery and
42 32 lottery games.

42 33 o. To act as a retailer, to conduct promotions
42 34 which involve the dispensing of lottery tickets or
42 35 shares, and to establish and operate a sales facility
42 36 to sell lottery tickets or shares and any related
42 37 merchandise.

42 38 p. Notwithstanding any other provision of law to
42 39 the contrary, to purchase meals for attendees at
42 40 authority business meetings.

42 41 q. To exercise all powers generally exercised by
42 42 private businesses engaged in entrepreneurial
42 43 pursuits, unless the exercise of such a power would
42 44 violate the terms of this chapter or of the
42 45 Constitution of this state.

42 46 3. Notwithstanding any other provision of law, any
42 47 purchase of real property and any borrowing of more
42 48 than one million dollars by the authority shall
42 49 require written notice from the authority to the
42 50 legislative government oversight committees and the

43 1 prior approval of the executive council.

43 2 4. The powers enumerated in this section are
43 3 cumulative of and in addition to those powers
43 4 enumerated elsewhere in this chapter and no such
43 5 powers limit or restrict any other powers of the
43 6 authority.

43 7 5. Departments, boards, commissions, or other
43 8 agencies of this state shall provide reasonable
43 9 assistance and services to the authority upon the
43 10 request of the chief executive officer.

43 11 Sec. 75. NEW SECTION. 99G.22 VENDOR BACKGROUND
43 12 REVIEW.

43 13 1. The authority shall investigate the financial
43 14 responsibility, security, and integrity of any lottery
43 15 system vendor who is a finalist in submitting a bid,
43 16 proposal, or offer as part of a major procurement
43 17 contract. Before a major procurement contract is
43 18 awarded, the division of criminal investigation of the
43 19 department of public safety shall conduct a background
43 20 investigation of the vendor to whom the contract is to
43 21 be awarded. The chief executive officer and board
43 22 shall consult with the division of criminal
43 23 investigation and shall provide for the scope of the
43 24 background investigation and due diligence to be
43 25 conducted in connection with major procurement
43 26 contracts. At the time of submitting a bid, proposal,
43 27 or offer to the authority on a major procurement
43 28 contract, the authority shall require that each vendor
43 29 submit to the division of criminal investigation
43 30 appropriate investigation authorization to facilitate
43 31 this investigation, together with an advance of funds
43 32 to meet the anticipated investigation costs. If the
43 33 division of criminal investigation determines that
43 34 additional funds are required to complete an
43 35 investigation, the vendor will be so advised. The
43 36 background investigation by the division of criminal
43 37 investigation may include a national criminal history
43 38 record check through the federal bureau of
43 39 investigation. The screening of vendors or their
43 40 employees through the federal bureau of investigation
43 41 shall be conducted by submission of fingerprints
43 42 through the state criminal history record repository
43 43 to the federal bureau of investigation.

43 44 2. If at least twenty-five percent of the cost of
43 45 a vendor's contract is subcontracted, the vendor shall
43 46 disclose all of the information required by this
43 47 section for the subcontractor as if the subcontractor
43 48 were itself a vendor.

43 49 3. A major procurement contract shall not be
43 50 entered into with any lottery system vendor who has
44 1 not complied with the disclosure requirements
44 2 described in this section, and any contract with such
44 3 a vendor is voidable at the option of the authority.
44 4 Any contract with a vendor that does not comply with
44 5 the requirements for periodically updating such
44 6 disclosures during the tenure of the contract as may
44 7 be specified in such contract may be terminated by the
44 8 authority. The provisions of this section shall be
44 9 construed broadly and liberally to achieve the ends of
44 10 full disclosure of all information necessary to allow
44 11 for a full and complete evaluation by the authority of
44 12 the competence, integrity, background, and character
44 13 of vendors for major procurements.

44 14 4. A major procurement contract shall not be
44 15 entered into with any vendor who has been found guilty
44 16 of a felony related to the security or integrity of
44 17 the lottery in this or any other jurisdiction.

44 18 5. A major procurement contract shall not be
44 19 entered into with any vendor if such vendor has an
44 20 ownership interest in an entity that had supplied
44 21 consultation services under contract to the authority
44 22 regarding the request for proposals pertaining to
44 23 those particular goods or services.

44 24 6. If, based on the results of a background
44 25 investigation, the board determines that the best
44 26 interests of the authority, including but not limited
44 27 to the authority's reputation for integrity, would be
44 28 served thereby, the board may disqualify a potential
44 29 vendor from contracting with the authority for a major
44 30 procurement contract or from acting as a subcontractor
44 31 in connection with a contract for a major procurement

44 32 contract.

44 33 Sec. 76. NEW SECTION. 99G.23 VENDOR BONDING, TAX

44 34 FILING, AND COMPETITIVE BIDDING.

44 35 1. The authority may purchase, lease, or lease=

44 36 purchase such goods or services as are necessary for

44 37 effectuating the purposes of this chapter. The

44 38 authority may make procurements that integrate

44 39 functions such as lottery game design, lottery ticket

44 40 distribution to retailers, supply of goods and

44 41 services, and advertising. In all procurement

44 42 decisions, the authority shall take into account the

44 43 particularly sensitive nature of the lottery and shall

44 44 act to promote and ensure security, honesty, fairness,

44 45 and integrity in the operation and administration of

44 46 the lottery and the objectives of raising net proceeds

44 47 for state programs.

44 48 2. Each vendor shall, at the execution of the

44 49 contract with the authority, post a performance bond

44 50 or letter of credit from a bank or credit provider

45 1 acceptable to the authority in an amount as deemed

45 2 necessary by the authority for that particular bid or

45 3 contract.

45 4 3. Each vendor shall be qualified to do business

45 5 in this state and shall file appropriate tax returns

45 6 as provided by the laws of this state.

45 7 4. All major procurement contracts must be

45 8 competitively bid pursuant to policies and procedures

45 9 approved by the board unless there is only one

45 10 qualified vendor and that vendor has an exclusive

45 11 right to offer the service or product.

45 12 Sec. 77. NEW SECTION. 99G.24 RETAILER

45 13 COMPENSATION == LICENSING.

45 14 1. The general assembly recognizes that to conduct

45 15 a successful lottery, the authority must develop and

45 16 maintain a statewide network of lottery retailers that

45 17 will serve the public convenience and promote the sale

45 18 of tickets or shares and the playing of lottery games

45 19 while ensuring the integrity of the lottery

45 20 operations, games, and activities.

45 21 2. The board shall determine the compensation to

45 22 be paid to licensed retailers. Compensation may

45 23 include provision for variable payments based on sales

45 24 volume or incentive considerations.

45 25 3. The authority shall issue a license certificate

45 26 to each person with whom it contracts as a retailer

45 27 for purposes of display as provided in this section.

45 28 Every lottery retailer shall post its license

45 29 certificate, or a facsimile thereof, and keep it

45 30 conspicuously displayed in a location on the premises

45 31 accessible to the public. No license shall be

45 32 assignable or transferable. Once issued, a license

45 33 shall remain in effect until canceled, suspended, or

45 34 terminated by the authority.

45 35 4. A licensee shall cooperate with the authority

45 36 by using point-of-purchase materials, posters, and

45 37 other marketing material when requested to do so by

45 38 the authority. Lack of cooperation is sufficient

45 39 cause for revocation of a retailer's license.

45 40 5. The board shall develop a list of objective

45 41 criteria upon which the qualification of lottery

45 42 retailers shall be based. Separate criteria shall be

45 43 developed to govern the selection of retailers of

45 44 instant tickets and online retailers. In developing

45 45 these criteria, the board shall consider such factors

45 46 as the applicant's financial responsibility, security

45 47 of the applicant's place of business or activity,

45 48 accessibility to the public, integrity, and

45 49 reputation. The criteria shall include but not be

45 50 limited to the volume of expected sales and the

46 1 sufficiency of existing licensees to serve the public

46 2 convenience.

46 3 6. The applicant shall be current in filing all

46 4 applicable tax returns to the state of Iowa and in

46 5 payment of all taxes, interest, and penalties owed to

46 6 the state of Iowa, excluding items under formal appeal

46 7 pursuant to applicable statutes. The department of

46 8 revenue and finance is authorized and directed to

46 9 provide this information to the authority.

46 10 7. A person, partnership, unincorporated

46 11 association, authority, or other business entity shall

46 12 not be selected as a lottery retailer if the person or

entity meets any of the following conditions:

- a. Has been convicted of a criminal offense related to the security or integrity of the lottery in this or any other jurisdiction.
- b. Has been convicted of any illegal gambling activity, false statements, perjury, fraud, or a felony in this or any other jurisdiction.
- c. Has been found to have violated the provisions of this chapter or any regulation, policy, or procedure of the authority or of the lottery division unless either ten years have passed since the violation or the board finds the violation both minor and unintentional in nature.
- d. Is a vendor or any employee or agent of any vendor doing business with the authority.
- e. Resides in the same household as an officer of the authority.
- f. Is less than eighteen years of age.
- g. Does not demonstrate financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.
- h. Has not demonstrated that the applicant is the true owner of the business proposed to be licensed and that all persons holding at least a ten percent ownership interest in the applicant's business have been disclosed.
- i. Has knowingly made a false statement of material fact to the authority.

8. Persons applying to become lottery retailers may be charged a uniform application fee for each lottery outlet.

9. Any lottery retailer contract executed pursuant to this section may, for good cause, be suspended, revoked, or terminated by the chief executive officer or the chief executive officer's designee if the retailer is found to have violated any provision of this chapter or objective criteria established by the board. Cause for suspension, revocation, or termination may include, but is not limited to, sale of tickets or shares to a person under the age of twenty-one and failure to pay for lottery products in a timely manner.

Sec. 78. NEW SECTION. 99G.25 LICENSE NOT ASSIGNABLE.

Any lottery retailer license certificate or contract shall not be transferable or assignable. The authority may issue a temporary license when deemed in the best interests of the state. A lottery retailer shall not contract with any person for lottery goods or services, except with the approval of the board.

Sec. 79. NEW SECTION. 99G.26 RETAILER BONDING.

The authority may require any retailer to post an appropriate bond, as determined by the authority, using a cash bond or an insurance company acceptable to the authority.

Sec. 80. NEW SECTION. 99G.27 LOTTERY RETAIL LICENSES == CANCELLATION, SUSPENSION, REVOCATION, OR TERMINATION.

1. A lottery retail license issued by the authority pursuant to this chapter may be canceled, suspended, revoked, or terminated by the authority, for reasons including, but not limited to, any of the following:
 - a. A violation of this chapter, a regulation, or a policy or procedure of the authority.
 - b. Failure to accurately or timely account or pay for lottery products, lottery games, revenues, or prizes as required by the authority.
 - c. Commission of any fraud, deceit, or misrepresentation.
 - d. Insufficient sales.
 - e. Conduct prejudicial to public confidence in the lottery.
 - f. The retailer filing for or being placed in bankruptcy or receivership.
 - g. Any material change as determined in the sole discretion of the authority in any matter considered by the authority in executing the contract with the retailer.
 - h. Failure to meet any of the objective criteria established by the authority pursuant to this chapter.

47 44 i. Other conduct likely to result in injury to the
47 45 property, revenue, or reputation of the authority.

47 46 2. A lottery retailer license may be temporarily
47 47 suspended by the authority without prior notice if the
47 48 chief executive officer or designee determines that
47 49 further sales by the licensed retailer are likely to
47 50 result in immediate injury to the property, revenue,
48 1 or reputation of the authority.

48 2 3. The board shall adopt administrative rules
48 3 governing appeals of lottery retailer licensing
48 4 disputes.

48 5 Sec. 81. NEW SECTION. 99G.28 PROCEEDS HELD IN
48 6 TRUST.

48 7 All proceeds from the sale of the lottery tickets
48 8 or shares shall constitute a trust fund until paid to
48 9 the authority directly, through electronic funds
48 10 transfer to the authority, or through the authority's
48 11 authorized collection representative. A lottery
48 12 retailer and officers of a lottery retailer's business
48 13 shall have a fiduciary duty to preserve and account
48 14 for lottery proceeds and lottery retailers shall be
48 15 personally liable for all proceeds. Proceeds shall
48 16 include unsold products received but not paid for by a
48 17 lottery retailer and cash proceeds of the sale of any
48 18 lottery products net of allowable sales commissions
48 19 and credit for lottery prizes paid to winners by
48 20 lottery retailers. Sales proceeds of pull-tab tickets
48 21 shall include the sales price of the lottery product
48 22 net of allowable sales commission and prizes contained
48 23 in the product. Sales proceeds and unused instant
48 24 tickets shall be delivered to the authority or its
48 25 authorized collection representative upon demand.

48 26 Sec. 82. NEW SECTION. 99G.29 RETAILER RENTAL
48 27 CALCULATIONS == LOTTERY TICKET SALES TREATMENT.

48 28 If a lottery retailer's rental payments for the
48 29 business premises are contractually computed, in whole
48 30 or in part, on the basis of a percentage of retail
48 31 sales and such computation of retail sales is not
48 32 explicitly defined to include sales of tickets or
48 33 shares in a state-operated or state-managed lottery,
48 34 only the compensation received by the lottery retailer
48 35 from the authority may be considered the amount of the
48 36 lottery retail sale for purposes of computing the
48 37 rental payment.

48 38 Sec. 83. NEW SECTION. 99G.30 TICKET SALES
48 39 REQUIREMENTS == PENALTIES.

48 40 1. Lottery tickets or shares may be distributed by
48 41 the authority for promotional purposes.

48 42 2. A ticket or share shall not be sold at a price
48 43 other than that fixed by the authority and a sale
48 44 shall not be made other than by a retailer or an
48 45 employee of the retailer who is authorized by the
48 46 retailer to sell tickets or shares. A person who
48 47 violates a provision of this subsection is guilty of a
48 48 simple misdemeanor.

48 49 3. A ticket or share shall not be sold to a person
48 50 who has not reached the age of twenty-one. Any person
49 1 who knowingly sells a lottery ticket or share to a
49 2 person under the age of twenty-one shall be guilty of
49 3 a simple misdemeanor. It shall be an affirmative
49 4 defense to a charge of a violation under this section
49 5 that the retailer reasonably and in good faith relied
49 6 upon presentation of proof of age in making the sale.
49 7 A prize won by a person who has not reached the age of
49 8 twenty-one but who purchases a winning ticket or share
49 9 in violation of this subsection shall be forfeited.
49 10 This section does not prohibit the lawful purchase of
49 11 a ticket or share for the purpose of making a gift to
49 12 a person who has not reached the age of twenty-one.
49 13 The board shall adopt administrative rules governing
49 14 the payment of prizes to persons who have not reached
49 15 the age of twenty-one.

49 16 4. Except for the authority, a retailer shall only
49 17 sell lottery products on the licensed premises and not
49 18 through the mail or by technological means except as
49 19 the authority may provide or authorize.

49 20 5. The retailer may accept payment by cash, check,
49 21 money order, debit card, or electronic funds transfer.
49 22 The retailer shall not extend or arrange credit for
49 23 the purchase of a ticket or share. As used in this
49 24 subsection, "cash" means United States currency.

49 25 6. Nothing in this chapter shall be construed to
49 26 prohibit the authority from designating certain of its
49 27 agents and employees to sell or give lottery tickets
49 28 or shares directly to the public.
49 29 7. No elected official's name shall be printed on
49 30 tickets.

49 31 Sec. 84. NEW SECTION. 99G.31 PRIZES.
49 32 1. The chief executive officer shall award the
49 33 designated prize to the ticket or shareholder upon
49 34 presentation of the winning ticket or confirmation of
49 35 a winning share. The prize shall be given to only one
49 36 person; however, a prize shall be divided between
49 37 holders of winning tickets if there is more than one
49 38 winning ticket.

49 39 2. The authority shall adopt administrative rules,
49 40 policies, and procedures to establish a system of
49 41 verifying the validity of tickets or shares claimed to
49 42 win prizes and to effect payment of such prizes,
49 43 subject to the following requirements:

49 44 a. The prize shall be given to the person who
49 45 presents a winning ticket. A prize may be given to
49 46 only one person per winning ticket. However, a prize
49 47 shall be divided between holders of winning tickets if
49 48 there is more than one winning ticket. Payment of a
49 49 prize may be made to the estate of a deceased prize
49 50 winner or to another person pursuant to an appropriate
50 1 judicial order issued by an Iowa court of competent
50 2 jurisdiction.

50 3 b. A prize shall not be paid arising from claimed
50 4 tickets that are stolen, counterfeit, altered,
50 5 fraudulent, unissued, produced or issued in error,
50 6 unreadable, not received, or not recorded by the
50 7 authority within applicable deadlines; lacking in
50 8 captions that conform and agree with the play symbols
50 9 as appropriate to the particular lottery game
50 10 involved; or not in compliance with such additional
50 11 specific administrative rules, policies, and public or
50 12 confidential validation and security tests of the
50 13 authority appropriate to the particular lottery game
50 14 involved.

50 15 c. No particular prize in any lottery game shall
50 16 be paid more than once, and in the event of a
50 17 determination that more than one claimant is entitled
50 18 to a particular prize, the sole remedy of such
50 19 claimants is the award to each of them of an equal
50 20 share in the prize.

50 21 d. Unclaimed prize money for the prize on a
50 22 winning ticket or share shall be retained for a period
50 23 deemed appropriate by the chief executive officer,
50 24 subject to approval by the board. If a valid claim is
50 25 not made for the money within the applicable period,
50 26 the unclaimed prize money shall be added to the pool
50 27 from which future prizes are to be awarded or used for
50 28 special prize promotions. Notwithstanding this
50 29 subsection, the disposition of unclaimed prize money
50 30 from multijurisdictional games shall be made in
50 31 accordance with the rules of the multijurisdictional
50 32 game.

50 33 e. No prize shall be paid upon a ticket or share
50 34 purchased or sold in violation of this chapter. Any
50 35 such prize shall constitute an unclaimed prize for
50 36 purposes of this section.

50 37 f. The authority is discharged of all liability
50 38 upon payment of a prize pursuant to this section.

50 39 g. No ticket or share issued by the authority
50 40 shall be purchased by and no prize shall be paid to
50 41 any member of the board of directors; any officer or
50 42 employee of the authority; or to any spouse, child,
50 43 brother, sister, or parent residing as a member of the
50 44 same household in the principal place of residence of
50 45 any such person.

50 46 h. No ticket or share issued by the authority
50 47 shall be purchased by and no prize shall be paid to
50 48 any officer, employee, agent, or subcontractor of any
50 49 vendor or to any spouse, child, brother, sister, or
50 50 parent residing as a member of the same household in
51 1 the principal place of residence of any such person if
51 2 such officer, employee, agent, or subcontractor has
51 3 access to confidential information which may
51 4 compromise the integrity of the lottery.

51 5 i. The proceeds of any lottery prize shall be

51 6 subject to state and federal income tax laws. An
51 7 amount deducted from the prize for payment of a state
51 8 tax, pursuant to section 422.16, subsection 1, shall
51 9 be transferred by the authority to the department of
51 10 revenue and finance on behalf of the prize winner.
51 11 Sec. 85. NEW SECTION. 99G.32 AUTHORITY LEGAL
51 12 REPRESENTATION.
51 13 The authority shall retain the services of legal
51 14 counsel to advise the authority and the board and to
51 15 provide representation in legal proceedings. The
51 16 authority may retain the attorney general or a full=
51 17 time assistant attorney general in that capacity and
51 18 provide reimbursement for the cost of advising and
51 19 representing the board and the authority.
51 20 Sec. 86. NEW SECTION. 99G.33 LAW ENFORCEMENT
51 21 INVESTIGATIONS.
51 22 The department of public safety, division of
51 23 criminal investigation, shall be the primary state
51 24 agency responsible for investigating criminal
51 25 violations under this chapter. The chief executive
51 26 officer shall contract with the department of public
51 27 safety for investigative services, including the
51 28 employment of special agents and support personnel,
51 29 and procurement of necessary equipment to carry out
51 30 the responsibilities of the division of criminal
51 31 investigation under the terms of the agreement and
51 32 this chapter.
51 33 Sec. 87. NEW SECTION. 99G.34 OPEN RECORDS ==
51 34 EXCEPTIONS.
51 35 The records of the authority shall be governed by
51 36 the provisions of chapter 22, provided that, in
51 37 addition to records that may be kept confidential
51 38 pursuant to section 22.7, the following records shall
51 39 be kept confidential, unless otherwise ordered by a
51 40 court, by the lawful custodian of the records, or by
51 41 another person duly authorized to release such
51 42 information:
51 43 1. Marketing plans, research data, and proprietary
51 44 intellectual property owned or held by the authority
51 45 under contractual agreements.
51 46 2. Personnel, vendor, and player social security
51 47 or tax identification numbers.
51 48 3. Computer system hardware, software, functional
51 49 and system specifications, and game play data files.
51 50 4. Security records pertaining to investigations
52 1 and intelligence-sharing information between lottery
52 2 security officers and those of other lotteries and law
52 3 enforcement agencies, the security portions or
52 4 segments of lottery requests for proposals, proposals
52 5 by vendors to conduct lottery operations, and records
52 6 of the security division of the authority pertaining
52 7 to game security data, ticket validation tests, and
52 8 processes.
52 9 5. Player name and address lists, provided that
52 10 the names and addresses of prize winners shall not be
52 11 withheld.
52 12 6. Operational security measures, systems, or
52 13 procedures and building plans.
52 14 7. Security reports and other information
52 15 concerning bids or other contractual data, the
52 16 disclosure of which would impair the efforts of the
52 17 authority to contract for goods or services on
52 18 favorable terms.
52 19 8. Information that is otherwise confidential
52 20 obtained pursuant to investigations.
52 21 Sec. 88. NEW SECTION. 99G.35 SECURITY.
52 22 1. The authority's chief security officer and
52 23 investigators shall be qualified by training and
52 24 experience in law enforcement to perform their
52 25 respective duties in support of the activities of the
52 26 security office. The chief security officer and
52 27 investigators shall not have sworn peace officer
52 28 status. The lottery security office shall perform all
52 29 of the following activities in support of the
52 30 authority mission:
52 31 a. Supervise ticket or share validation and
52 32 lottery drawings, provided that the authority may
52 33 enter into cooperative agreements with
52 34 multijurisdictional lottery administrators for shared
52 35 security services at drawings and game show events
52 36 involving more than one participating lottery.

52 37 b. Inspect at times determined solely by the
52 38 authority the facilities of any vendor or lottery
52 39 retailer in order to determine the integrity of the
52 40 vendor's product or the operations of the retailer in
52 41 order to determine whether the vendor or the retailer
52 42 is in compliance with its contract.

52 43 c. Report any suspected violations of this chapter
52 44 to the appropriate county attorney or the attorney
52 45 general and to any law enforcement agencies having
52 46 jurisdiction over the violation.

52 47 d. Upon request, provide assistance to any county
52 48 attorney, the attorney general, the department of
52 49 public safety, or any other law enforcement agency.

52 50 e. Upon request, provide assistance to retailers
53 1 in meeting their licensing contract requirements and
53 2 in detecting retailer employee theft.

53 3 f. Monitor authority operations for compliance
53 4 with internal security requirements.

53 5 g. Provide physical security at the authority's
53 6 central operations facilities.

53 7 h. Conduct on=press product production
53 8 surveillance, testing, and quality approval for
53 9 printed scratch and pull=tab tickets.

53 10 i. Coordinate employee and retailer background
53 11 investigations conducted by the department of public
53 12 safety, division of criminal investigation.

53 13 2. The authority may enter into intelligence=
53 14 sharing, reciprocal use, or restricted use agreements
53 15 with the federal government, law enforcement agencies,
53 16 lottery regulation agencies, and gaming enforcement
53 17 agencies of other jurisdictions which provide for and
53 18 regulate the use of information provided and received
53 19 pursuant to the agreement.

53 20 3. Records, documents, and information in the
53 21 possession of the authority received pursuant to an
53 22 intelligence=sharing, reciprocal use, or restricted
53 23 use agreement entered into by the authority with a
53 24 federal department or agency, any law enforcement
53 25 agency, or the lottery regulation or gaming
53 26 enforcement agency of any jurisdiction shall be
53 27 considered investigative records of a law enforcement
53 28 agency and are not subject to chapter 22 and shall not
53 29 be released under any condition without the permission
53 30 of the person or agency providing the record or
53 31 information.

53 32 Sec. 89. NEW SECTION. 99G.36 FORGERY == FRAUD ==
53 33 PENALTIES.

53 34 1. A person who, with intent to defraud, falsely
53 35 makes, alters, forges, utters, passes, redeems, or
53 36 counterfeits a lottery ticket or share or attempts to
53 37 falsely make, alter, forge, utter, pass, redeem, or
53 38 counterfeit a lottery ticket or share, or commits
53 39 theft or attempts to commit theft of a lottery ticket
53 40 or share, is guilty of a class "D" felony.

53 41 2. Any person who influences or attempts to
53 42 influence the winning of a prize through the use of
53 43 coercion, fraud, deception, or tampering with lottery
53 44 equipment or materials shall be guilty of a class "D"
53 45 felony.

53 46 3. No person shall knowingly or intentionally make
53 47 a material false statement in any application for a
53 48 license or proposal to conduct lottery activities or
53 49 make a material false entry in any book or record
53 50 which is compiled or maintained or submitted to the
54 1 board pursuant to the provisions of this chapter. Any
54 2 person who violates the provisions of this section
54 3 shall be guilty of a class "D" felony.

54 4 Sec. 90. NEW SECTION. 99G.37 COMPETITIVE
54 5 BIDDING.

54 6 1. The authority shall enter into a major
54 7 procurement contract pursuant to competitive bidding.
54 8 The requirement for competitive bidding does not apply
54 9 in the case of a single vendor having exclusive rights
54 10 to offer a particular service or product. The board
54 11 shall adopt procedures for competitive bidding.
54 12 Procedures adopted by the board shall be designed to
54 13 allow the selection of proposals that provide the
54 14 greatest long=term benefit to the state, the greatest
54 15 integrity for the authority, and the best service and
54 16 products for the public.

54 17 2. In any bidding process, the authority may

54 18 administer its own bidding and procurement or may
54 19 utilize the services of the department of general
54 20 services, or its successor, or other state agency.
54 21 Sec. 91. NEW SECTION. 99G.38 AUTHORITY FINANCE
54 22 == SELF=SUSTAINING.
54 23 1. The authority may borrow, or accept and expend,
54 24 in accordance with the provisions of this chapter,
54 25 such moneys as may be received from any source,
54 26 including income from the authority's operations, for
54 27 effectuating its business purposes, including the
54 28 payment of the initial expenses of initiation,
54 29 administration, and operation of the authority and the
54 30 lottery.
54 31 2. The authority shall be self=sustaining and
54 32 self=funded. Moneys in the general fund of the state
54 33 shall not be used or obligated to pay the expenses of
54 34 the authority or prizes of the lottery, and no claim
54 35 for the payment of an expense of the lottery or prizes
54 36 of the lottery may be made against any moneys other
54 37 than moneys credited to the authority operating
54 38 account.
54 39 3. The state of Iowa offset program, as provided
54 40 in section 421.17, shall be available to the authority
54 41 to facilitate receipt of funds owed to the authority.
54 42 Sec. 92. NEW SECTION. 99G.39 ALLOCATION,
54 43 APPROPRIATION, TRANSFER, AND REPORTING OF FUNDS.
54 44 1. Upon receipt of any revenue, the chief
54 45 executive officer shall deposit the moneys in the
54 46 lottery fund created pursuant to section 99G.40. At
54 47 least fifty percent of the projected annual revenue
54 48 accruing from the sale of tickets or shares shall be
54 49 allocated for payment of prizes to the holders of
54 50 winning tickets. After the payment of prizes, the
55 1 following shall be deducted from the authority's
55 2 revenue prior to disbursement:
55 3 a. An amount equal to three=tenths of one percent
55 4 of the gross lottery revenue for the year shall be
55 5 deposited in a gambling treatment fund in the office
55 6 of the treasurer of state.
55 7 b. The expenses of conducting the lottery.
55 8 Expenses for advertising production and media
55 9 purchases shall not exceed four percent of the
55 10 authority's gross revenue for the year.
55 11 2. The director of management shall not include
55 12 lottery revenues in the director's fiscal year revenue
55 13 estimates.
55 14 3. a. Notwithstanding subsection 1, if gaming
55 15 revenues under sections 99D.17 and 99F.11 are
55 16 insufficient in a fiscal year to meet the total amount
55 17 of such revenues directed to be deposited in the
55 18 vision Iowa fund and the school infrastructure fund
55 19 during the fiscal year pursuant to section 8.57,
55 20 subsection 5, paragraph "e", the difference shall be
55 21 paid from lottery revenues prior to deposit of the
55 22 lottery revenues in the general fund. If lottery
55 23 revenues are insufficient during the fiscal year to
55 24 pay the difference, the remaining difference shall be
55 25 paid from lottery revenues in subsequent fiscal years
55 26 as such revenues become available.
55 27 b. The treasurer of state shall, each quarter,
55 28 prepare an estimate of the gaming revenues and lottery
55 29 revenues that will become available during the
55 30 remainder of the appropriate fiscal year for the
55 31 purposes described in paragraph "a". The department
55 32 of management and the department of revenue and
55 33 finance shall take appropriate actions to provide that
55 34 the amount of gaming revenues and lottery revenues
55 35 that will be available during the remainder of the
55 36 appropriate fiscal year is sufficient to cover any
55 37 anticipated deficiencies.
55 38 Sec. 93. NEW SECTION. 99G.40 AUDITS AND REPORTS
55 39 == LOTTERY FUND.
55 40 1. To ensure the financial integrity of the
55 41 lottery, the authority shall do all of the following:
55 42 a. Submit quarterly and annual reports to the
55 43 governor, state auditor, and the general assembly
55 44 disclosing the total lottery revenues, prize
55 45 disbursements, and other expenses of the authority
55 46 during the reporting period. The fourth quarter
55 47 report shall be included in the annual report made
55 48 pursuant to this section. The annual report shall

55 49 include a complete statement of lottery revenues,
55 50 prize disbursements, and other expenses, and
56 1 recommendations for changes in the law that the chief
56 2 executive officer deems necessary or desirable. The
56 3 annual report shall be submitted within one hundred
56 4 twenty days after the close of the fiscal year. The
56 5 chief executive officer shall report immediately to
56 6 the governor, the treasurer of state, and the general
56 7 assembly any matters that require immediate changes in
56 8 the law in order to prevent abuses or evasions of this
56 9 chapter or rules adopted or to rectify undesirable
56 10 conditions in connection with the administration or
56 11 operation of the lottery.

56 12 b. Maintain weekly or more frequent records of
56 13 lottery transactions, including the distribution of
56 14 tickets or shares to retailers, revenues received,
56 15 claims for prizes, prizes paid, prizes forfeited, and
56 16 other financial transactions of the authority.

56 17 c. The authority shall deposit in the lottery fund
56 18 created in subsection 2 any moneys received by
56 19 retailers from the sale of tickets or shares less the
56 20 amount of any compensation due the retailers. The
56 21 chief executive officer may require licensees to file
56 22 with the authority reports of receipts and
56 23 transactions in the sale of tickets or shares. The
56 24 reports shall be in the form and contain the
56 25 information the chief executive officer requires.

56 26 2. A lottery fund is created in the office of the
56 27 treasurer of state and shall exist as the recipient
56 28 fund for authority receipts. The fund consists of all
56 29 revenues received from the sale of lottery tickets or
56 30 shares and all other moneys lawfully credited or
56 31 transferred to the fund. The chief executive officer
56 32 shall certify quarterly that portion of the fund that
56 33 has been transferred to the general fund of the state
56 34 under this chapter and shall cause that portion to be
56 35 transferred to the general fund of the state.
56 36 However, upon the request of the chief executive
56 37 officer and subject to the approval by the treasurer
56 38 of state, an amount sufficient to cover the
56 39 foreseeable administrative expenses of the lottery for
56 40 a period of twenty-one days may be retained from the
56 41 lottery fund. Prior to the quarterly transfer to the
56 42 general fund of the state, the chief executive officer
56 43 may direct that lottery revenue shall be deposited in
56 44 the lottery fund and in interest-bearing accounts
56 45 designated by the treasurer of state. Interest or
56 46 earnings paid on the deposits or investments is
56 47 considered lottery revenue and shall be transferred to
56 48 the general fund of the state in the same manner as
56 49 other lottery revenue.

56 50 3. The chief executive officer shall certify
57 1 before the last day of the month following each
57 2 quarter that portion of the lottery fund resulting
57 3 from the previous quarter's sales to be transferred to
57 4 the general fund of the state.

57 5 4. For informational purposes only, the chief
57 6 executive officer shall submit to the department of
57 7 management by October 1 of each year a proposed
57 8 operating budget for the authority for the succeeding
57 9 fiscal year. This budget proposal shall also be
57 10 accompanied by an estimate of the net proceeds to be
57 11 deposited into the general fund during the succeeding
57 12 fiscal year. This budget shall be on forms prescribed
57 13 by the department of management.

57 14 5. The authority shall adopt the same fiscal year
57 15 as that used by state government and shall be audited
57 16 annually.

57 17 Sec. 94. NEW SECTION. 99G.41 PRIZE OFFSETS ==
57 18 GARNISHMENTS.

57 19 1. Any claimant agency may submit to the authority
57 20 a list of the names of all persons indebted to such
57 21 claimant agency or to persons on whose behalf the
57 22 claimant agency is acting. The full amount of the
57 23 debt shall be collectable from any lottery winnings
57 24 due the debtor without regard to limitations on the
57 25 amounts that may be collectable in increments through
57 26 garnishment or other proceedings. Such list shall
57 27 constitute a valid lien upon and claim of lien against
57 28 the lottery winnings of any debtor named in such list.
57 29 The list shall contain the names of the debtors, their

57 30 social security numbers if available, and any other
57 31 information that assists the authority in identifying
57 32 the debtors named in the list.

57 33 2. The authority is authorized and directed to
57 34 withhold any winnings paid out directly by the
57 35 authority subject to the lien created by this section
57 36 and send notice to the winner. However, if the winner
57 37 appears and claims winnings in person, the authority
57 38 shall notify the winner at that time by hand delivery
57 39 of such action. The authority shall pay the funds
57 40 over to the agency administering the offset program.

57 41 3. Notwithstanding the provisions of section
57 42 99G.34 which prohibit disclosure by the authority of
57 43 certain portions of the contents of prize winner
57 44 records or information, and notwithstanding any other
57 45 confidentiality statute, the authority may provide to
57 46 a claimant agency all information necessary to
57 47 accomplish and effectuate the intent of this section.

57 48 4. The information obtained by a claimant agency
57 49 from the authority in accordance with this section
57 50 shall retain its confidentiality and shall only be
58 1 used by a claimant agency in the pursuit of its debt
58 2 collection duties and practices. Any employee or
58 3 prior employee of any claimant agency who unlawfully
58 4 discloses any such information for any other purpose,
58 5 except as otherwise specifically authorized by law,
58 6 shall be subject to the same penalties specified by
58 7 law for unauthorized disclosure of confidential
58 8 information by an agent or employee of the authority.

58 9 5. Except as otherwise provided in this chapter,
58 10 attachments, garnishments, or executions authorized
58 11 and issued pursuant to law shall be withheld if timely
58 12 served upon the authority.

58 13 6. The provisions of this section shall only apply
58 14 to prizes paid directly by the authority and shall not
58 15 apply to any retailers authorized by the board to pay
58 16 prizes of up to six hundred dollars after deducting
58 17 the price of the ticket or share.

58 18 Sec. 95. NEW SECTION. 99G.42 COMPULSIVE GAMBLERS
58 19 == PRINTING ON TICKETS == INFORMATION AT RETAIL
58 20 OUTLETS.

58 21 The authority shall cooperate with the gambling
58 22 treatment program administered by the Iowa department
58 23 of public health to incorporate information regarding
58 24 the gambling treatment program and its toll-free
58 25 telephone number in printed materials distributed by
58 26 the authority.

58 27 Sec. 96. Section 7E.5, subsection 1, paragraph d,
58 28 Code 2003, is amended to read as follows:

58 29 d. The department of revenue and finance, created
58 30 in section 421.2, which has primary responsibility for
58 31 revenue collection and revenue law compliance, and
58 32 financial management and assistance, ~~and the Iowa~~
~~58 33 lottery.~~

58 34 Sec. 97. Section 7E.6, subsection 3, Code 2003, is
58 35 amended to read as follows:

58 36 3. Any position of membership on the ~~lottery~~ board
58 37 of the Iowa lottery authority shall receive
58 38 compensation of fifty dollars per day and expenses.

58 39 Sec. 98. Section 8.22A, subsection 5, paragraph a,
58 40 Code 2003, is amended to read as follows:

58 41 a. The amount of lottery revenues for the
58 42 following fiscal year to be available for disbursement
58 43 following the deductions made pursuant to section
58 44 ~~99E.10 99G.32~~, subsection 1.

58 45 Sec. 99. Section 8.57, subsection 5, paragraph e,
58 46 unnumbered paragraph 2, Code 2003, is amended to read
58 47 as follows:

58 48 If the total amount of moneys directed to be
58 49 deposited in the general fund of the state under
58 50 sections 99D.17 and 99F.11 in a fiscal year is less
59 1 than the total amount of moneys directed to be
59 2 deposited in the vision Iowa fund and the school
59 3 infrastructure fund in the fiscal year pursuant to
59 4 this paragraph "e", the difference shall be paid from
59 5 lottery revenues in the manner provided in section
59 6 ~~99E.10 99G.32~~, subsection 3.

59 7 Sec. 100. Section 68B.35, subsection 2, paragraph
59 8 e, Code 2003, is amended to read as follows:

59 9 e. Members of the banking board, the ethics and
59 10 campaign disclosure board, the credit union review

59 11 board, the economic development board, the employment
59 12 appeal board, the environmental protection commission,
59 13 the health facilities council, the Iowa finance
59 14 authority, the Iowa public employees' retirement
59 15 system investment board, the ~~lottery~~ board of the Iowa
59 16 ~~lottery authority~~, the natural resource commission,
59 17 the board of parole, the petroleum underground storage
59 18 tank fund board, the public employment relations
59 19 board, the state racing and gaming commission, the
59 20 state board of regents, the tax review board, the
59 21 transportation commission, the office of consumer
59 22 advocate, the utilities board, the Iowa
59 23 telecommunications and technology commission, and any
59 24 full-time members of other boards and commissions as
59 25 defined under section 7E.4 who receive an annual
59 26 salary for their service on the board or commission.
59 27 Sec. 101. Section 99A.10, Code 2003, is amended to
59 28 read as follows:
59 29 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING
59 30 DEVICES PERMITTED.
59 31 A person may manufacture or act as a distributor
59 32 for gambling devices for sale out of the state in
59 33 another jurisdiction where possession of the device is
59 34 legal or for sale in the state or use in the state if
59 35 the use is permitted pursuant to either chapter 99B or
59 36 chapter ~~99F~~ 99G.
59 37 Sec. 102. Section 99B.1, subsection 17, Code 2003,
59 38 is amended to read as follows:
59 39 17. "Merchandise" includes lottery tickets or
59 40 shares sold or authorized under chapter ~~99F~~ 99G. The
59 41 value of the ticket or share is the price of the
59 42 ticket or share as established by the lottery division
59 43 of the department of revenue and finance pursuant to
59 44 chapter ~~99F~~ 99G.
59 45 Sec. 103. Section 99B.6, subsection 5, Code 2003,
59 46 is amended to read as follows:
59 47 5. Lottery tickets or shares authorized pursuant
59 48 to chapter ~~99F~~ 99G may be sold on the premises of an
59 49 establishment that serves or sells alcoholic
59 50 beverages, wine, or beer as defined in section 123.3.
60 1 Sec. 104. Section 99B.7, subsection 1, paragraph
60 2 1, subparagraph (1), Code 2003, is amended to read as
60 3 follows:
60 4 (1) No other gambling is engaged in at the same
60 5 location, except that lottery tickets or shares issued
60 6 by the lottery division of the department of revenue
60 7 and finance may be sold pursuant to chapter ~~99F~~ 99G.
60 8 Sec. 105. Section 99B.15, Code 2003, is amended to
60 9 read as follows:
60 10 99B.15 APPLICABILITY OF CHAPTER == PENALTY.
60 11 It is the intent and purpose of this chapter to
60 12 authorize gambling in this state only to the extent
60 13 specifically permitted by a section of this chapter or
60 14 chapter 99D, ~~99F, or 99F, or 99G~~. Except as otherwise
60 15 provided in this chapter, the knowing failure of any
60 16 person to comply with the limitations imposed by this
60 17 chapter constitutes unlawful gambling, a serious
60 18 misdemeanor.
60 19 Sec. 106. Section 99F.2, Code 2003, is amended to
60 20 read as follows:
60 21 99F.2 SCOPE OF PROVISIONS.
60 22 This chapter does not apply to the pari-mutuel
60 23 system of wagering used or intended to be used in
60 24 connection with the horse-race or dog-race meetings as
60 25 authorized under chapter 99D, lottery or lotto games
60 26 authorized under chapter ~~99F~~ 99G, or bingo or games of
60 27 skill or chance authorized under chapter 99B.
60 28 Sec. 107. Section 99F.11, subsection 3, Code 2003,
60 29 is amended to read as follows:
60 30 3. Three-tenths of one percent of the adjusted
60 31 gross receipts shall be deposited in the gambling
60 32 treatment fund specified in section ~~99F.10~~ 99G.39,
60 33 subsection 1, paragraph "a".
60 34 Sec. 108. Section 123.49, subsection 2, paragraph
60 35 a, Code 2003, is amended to read as follows:
60 36 a. Knowingly permit any gambling, except in
60 37 accordance with chapter 99B, 99D, ~~99F, or 99F, or 99G~~,
60 38 or knowingly permit solicitation for immoral purposes,
60 39 or immoral or disorderly conduct on the premises
60 40 covered by the license or permit.
60 41 Sec. 109. Section 321.19, subsection 1, unnumbered

60 42 paragraph 2, Code 2003, is amended to read as follows:

60 43 The department shall furnish, on application, free
60 44 of charge, distinguishing plates for vehicles thus
60 45 exempted, which plates except plates on Iowa state
60 46 patrol vehicles shall bear the word "official" and the
60 47 department shall keep a separate record. Registration
60 48 plates issued for Iowa state patrol vehicles, except
60 49 unmarked patrol vehicles, shall bear two red stars on
60 50 a yellow background, one before and one following the
61 1 registration number on the plate, which registration
61 2 number shall be the officer's badge number.
61 3 Registration plates issued for county sheriff's patrol
61 4 vehicles shall display one seven-pointed gold star
61 5 followed by the letter "S" and the call number of the
61 6 vehicle. However, the director of general services or
61 7 the director of transportation may order the issuance
61 8 of regular registration plates for any exempted
61 9 vehicle used by peace officers in the enforcement of
61 10 the law, persons enforcing chapter 124 and other laws
61 11 relating to controlled substances, persons in the
61 12 department of justice, the alcoholic beverages
61 13 division of the department of commerce, disease
61 14 investigators of the Iowa department of public health,
61 15 the department of inspections and appeals, and the
61 16 department of revenue and finance, who are regularly
61 17 assigned to conduct investigations which cannot
61 18 reasonably be conducted with a vehicle displaying
61 19 "official" state registration plates, persons in the
61 20 ~~Iowa lottery division of the department of revenue and~~
~~61 21 finance authority~~ whose regularly assigned duties
61 22 relating to security or the carrying of lottery
61 23 tickets cannot reasonably be conducted with a vehicle
61 24 displaying "official" registration plates, and persons
61 25 in the department of economic development who are
61 26 regularly assigned duties relating to existing
61 27 industry expansion or business attraction. For
61 28 purposes of sale of exempted vehicles, the exempted
61 29 governmental body, upon the sale of the exempted
61 30 vehicle, may issue for in-transit purposes a
61 31 pasteboard card bearing the words "Vehicle in
61 32 Transit", the name of the official body from which the
61 33 vehicle was purchased, together with the date of the
61 34 purchase plainly marked in at least one-inch letters,
61 35 and other information required by the department. The
61 36 in-transit card is valid for use only within forty=
61 37 eight hours after the purchase date as indicated on
61 38 the bill of sale which shall be carried by the driver.

61 39 Sec. 110. Section 421.17, subsection 27, Code
61 40 2003, is amended by striking the subsection.

61 41 Sec. 111. Section 422.16, subsection 1, unnumbered
61 42 paragraph 4, Code 2003, is amended to read as follows:

61 43 For the purposes of this subsection, state income
61 44 tax shall be withheld on winnings in excess of six
61 45 hundred dollars derived from gambling activities
61 46 authorized under chapter 99B or ~~99E 99G~~. State income
61 47 tax shall be withheld on winnings in excess of one
61 48 thousand dollars from gambling activities authorized
61 49 under chapter 99D. State income tax shall be withheld
61 50 on winnings in excess of twelve hundred dollars
62 1 derived from slot machines authorized under chapter
62 2 99F.

62 3 Sec. 112. Section 422.43, subsection 2, Code 2003,
62 4 is amended to read as follows:

62 5 2. There is imposed a tax of five percent upon the
62 6 gross receipts derived from the operation of all forms
62 7 of amusement devices and games of skill, games of
62 8 chance, raffles, and bingo games as defined in chapter
62 9 99B, operated or conducted within the state, the tax
62 10 to be collected from the operator in the same manner
62 11 as for the collection of taxes upon the gross receipts
62 12 of tickets or admission as provided in this section.
62 13 ~~The tax shall also be imposed upon the gross receipts~~
~~62 14 derived from the sale of lottery tickets or shares~~
~~62 15 pursuant to chapter 99E. The tax on the lottery~~
~~62 16 tickets or shares shall be included in the sales price~~
~~62 17 and distributed to the general fund as provided in~~
~~62 18 section 99E.10.~~

62 19 Sec. 113. Section 422B.8, unnumbered paragraph 1,
62 20 Code 2003, is amended to read as follows:

62 21 A local sales and services tax at the rate of not
62 22 more than one percent may be imposed by a county on

62 23 the gross receipts taxed by the state under chapter
62 24 422, division IV. A local sales and services tax
62 25 shall be imposed on the same basis as the state sales
62 26 and services tax or in the case of the use of natural
62 27 gas, natural gas service, electricity, or electric
62 28 service on the same basis as the state use tax and
62 29 shall not be imposed on the sale of any property or on
62 30 any service not taxed by the state, except the tax
62 31 shall not be imposed on the gross receipts from the
62 32 sale of motor fuel or special fuel as defined in
62 33 chapter 452A which is consumed for highway use or in
62 34 watercraft or aircraft if the fuel tax is paid on the
62 35 transaction and a refund has not or will not be
62 36 allowed, on the gross receipts from the rental of
62 37 rooms, apartments, or sleeping quarters which are
62 38 taxed under chapter 422A during the period the hotel
62 39 and motel tax is imposed, on the gross receipts from
62 40 the sale of equipment by the state department of
62 41 transportation, on the gross receipts from the sale of
62 42 self-propelled building equipment, pile drivers,
62 43 motorized scaffolding, or attachments customarily
62 44 drawn or attached to self-propelled building
62 45 equipment, pile drivers, and motorized scaffolding,
62 46 including auxiliary attachments which improve the
62 47 performance, safety, operation, or efficiency of the
62 48 equipment and replacement parts and are directly and
62 49 primarily used by contractors, subcontractors, and
62 50 builders for new construction, reconstruction,
63 1 alterations, expansion, or remodeling of real property
63 2 or structures, and on the gross receipts from the sale
63 3 of a lottery ticket or share in a lottery game
63 4 conducted pursuant to chapter ~~99F~~ 99G and except the
63 5 tax shall not be imposed on the gross receipts from
63 6 the sale or use of natural gas, natural gas service,
63 7 electricity, or electric service in a city or county
63 8 where the gross receipts from the sale of natural gas
63 9 or electric energy are subject to a franchise fee or
63 10 user fee during the period the franchise or user fee
63 11 is imposed. A local sales and services tax is
63 12 applicable to transactions within those incorporated
63 13 and unincorporated areas of the county where it is
63 14 imposed and shall be collected by all persons required
63 15 to collect state gross receipts taxes. However, a
63 16 person required to collect state retail sales tax
63 17 under chapter 422, division IV, is not required to
63 18 collect local sales and services tax on transactions
63 19 delivered within the area where the local sales and
63 20 services tax is imposed unless the person has physical
63 21 presence in that taxing area. All cities contiguous
63 22 to each other shall be treated as part of one
63 23 incorporated area and the tax would be imposed in each
63 24 of those contiguous cities only if the majority of
63 25 those voting in the total area covered by the
63 26 contiguous cities favor its imposition.

63 27 Sec. 114. Section 422E.3, subsection 2, Code 2003,
63 28 is amended to read as follows:

63 29 2. The tax shall be imposed on the same basis as
63 30 the state sales and services tax or in the case of the
63 31 use of natural gas, natural gas service, electricity,
63 32 or electric service on the same basis as the state use
63 33 tax and shall not be imposed on the sale of any
63 34 property or on any service not taxed by the state,
63 35 except the tax shall not be imposed on the gross
63 36 receipts from the sale of motor fuel or special fuel
63 37 as defined in chapter 452A which is consumed for
63 38 highway use or in watercraft or aircraft if the fuel
63 39 tax is paid on the transaction and a refund has not or
63 40 will not be allowed, on the gross receipts from the
63 41 rental of rooms, apartments, or sleeping quarters
63 42 which are taxed under chapter 422A during the period
63 43 the hotel and motel tax is imposed, on the gross
63 44 receipts from the sale of equipment by the state
63 45 department of transportation, on the gross receipts
63 46 from the sale of self-propelled building equipment,
63 47 pile drivers, motorized scaffolding, or attachments
63 48 customarily drawn or attached to self-propelled
63 49 building equipment, pile drivers, and motorized
63 50 scaffolding, including auxiliary attachments which
64 1 improve the performance, safety, operation, or
64 2 efficiency of the equipment, and replacement parts and
64 3 are directly and primarily used by contractors,

64 4 subcontractors, and builders for new construction,
64 5 reconstruction, alterations, expansion, or remodeling
64 6 of real property or structures, and on the gross
64 7 receipts from the sale of a lottery ticket or share in
64 8 a lottery game conducted pursuant to chapter ~~99E~~ 99G
64 9 and except the tax shall not be imposed on the gross
64 10 receipts from the sale or use of natural gas, natural
64 11 gas service, electricity, or electric service in a
64 12 city or county where the gross receipts from the sale
64 13 of natural gas or electric energy are subject to a
64 14 franchise fee or user fee during the period the
64 15 franchise or user fee is imposed.
64 16 Sec. 115. Section 537A.4, unnumbered paragraph 2,
64 17 Code 2003, is amended to read as follows:
64 18 This section does not apply to a contract for the
64 19 operation of or for the sale or rental of equipment
64 20 for games of skill or games of chance, if both the
64 21 contract and the games are in compliance with chapter
64 22 99B. This section does not apply to wagering under
64 23 the pari-mutuel method of wagering authorized by
64 24 chapter 99D. This section does not apply to the sale,
64 25 purchase or redemption of a ticket or share in the
64 26 state lottery in compliance with chapter ~~99E~~ 99G.
64 27 This section does not apply to wagering under the
64 28 excursion boat gambling method of wagering authorized
64 29 by chapter 99F. This section does not apply to the
64 30 sale, purchase, or redemption of any ticket or similar
64 31 gambling device legally purchased in Indian lands
64 32 within this state.
64 33 Sec. 116. Section 714B.10, subsection 1, Code
64 34 2003, is amended to read as follows:
64 35 1. Advertising by sponsors registered pursuant to
64 36 chapter 557B, licensed pursuant to chapter 99B, or
64 37 regulated pursuant to chapter 99D, ~~99E, or 99F, or~~
64 38 99G.
64 39 Sec. 117. Section 725.9, subsection 5, Code 2003,
64 40 is amended to read as follows:
64 41 5. This chapter does not prohibit the possession
64 42 of gambling devices by a manufacturer or distributor
64 43 if the possession is solely for sale out of the state
64 44 in another jurisdiction where possession of the device
64 45 is legal or for sale in the state or use in the state
64 46 if the use is licensed pursuant to either chapter 99B
64 47 or chapter ~~99E~~ 99G.
64 48 Sec. 118. Section 725.15, Code 2003, is amended to
64 49 read as follows:
64 50 725.15 EXCEPTIONS FOR LEGAL GAMBLING.
65 1 Sections 725.5 to 725.10 and 725.12 do not apply to
65 2 a game, activity, ticket, or device when lawfully
65 3 possessed, used, conducted, or participated in
65 4 pursuant to chapter 99B, ~~99E, or 99F, or 99G.
65 5 Sec. 119. Chapter 99E, Code 2003, is repealed.
65 6 Sec. 120. IOWA LOTTERY AUTHORITY == TRANSITION
65 7 PROVISIONS.
65 8 1. For purposes of this section, unless the
65 9 context otherwise requires:
65 10 a. "Iowa lottery authority" means the Iowa lottery
65 11 authority as created in this Act pursuant to chapter
65 12 99G.
65 13 b. "Iowa lottery board" means the five-member
65 14 board established pursuant to 1985 Iowa Acts, chapter
65 15 33, section 105.
65 16 c. "Lottery division" means the lottery division
65 17 of the department of revenue and finance established
65 18 pursuant to 1985 Iowa Acts, chapter 33, section 103.
65 19 2. The Iowa lottery authority shall be the legal
65 20 successor to the lottery division and, as such, shall
65 21 assume all rights, privileges, obligations, and
65 22 responsibilities of the lottery division. The
65 23 promulgated rules of the lottery division shall remain
65 24 in full force and effect as the rules of the authority
65 25 until amended or repealed by the authority. In
65 26 addition, the Iowa lottery authority may continue the
65 27 security practices and procedures utilized by the
65 28 lottery division until amended or repealed by the
65 29 authority.
65 30 3. The Iowa lottery authority is created effective
65 31 at 12:01 a.m. on September 1, 2003, upon which date
65 32 and time the authority shall become the legal
65 33 successor to the lottery division. Until the
65 34 aforesaid date and time, no business shall be~~

65 35 conducted by the authority on behalf of the lottery,
65 36 provided, however, that the Iowa lottery commissioner
65 37 and Iowa lottery board shall implement such measures
65 38 as are appropriate to ensure a smooth transition from
65 39 the agency to the Iowa lottery authority as of the
65 40 effective date of succession.

65 41 4. Notwithstanding any provision of chapter 99G,
65 42 as created by this Act, to the contrary, the
65 43 commissioner of the Iowa lottery established pursuant
65 44 to 1985 Iowa Acts, chapter 33, section 103, as amended
65 45 by 1986 Iowa Acts, chapter 1245, section 404, shall
65 46 serve as the initial chief executive officer of the
65 47 Iowa lottery authority. In addition, notwithstanding
65 48 any provision of section 99G.9, as created by this
65 49 Act, to the contrary, the term of office for the chief
65 50 executive officer of the Iowa lottery authority as of
66 1 September 1, 2003, shall end April 30, 2008.

66 2 5. Notwithstanding any provision of chapter 99G,
66 3 as created by this Act, to the contrary, the initial
66 4 board of directors of the Iowa lottery authority shall
66 5 consist of the duly appointed and confirmed members of
66 6 the Iowa lottery board serving at the date of
66 7 succession. Said board members shall serve as members
66 8 of the Iowa lottery authority's board of directors
66 9 throughout the remainder of their respective Iowa
66 10 lottery board terms, subject to earlier resignation or
66 11 removal from office for cause as provided by this Act.

66 12 6. Personnel of the lottery division employed on
66 13 September 1, 2003, shall transition to the Iowa
66 14 lottery authority as the initial authority employees.

66 15 7. Whereas the lottery division was authorized
66 16 only as a self-funded enterprise and except for an
66 17 initial appropriation for start-up expenses, funds of
66 18 the state have not been authorized for use or
66 19 obligation to pay the expenses or prizes of the
66 20 lottery division. The Iowa lottery authority shall
66 21 function as the legal successor to the lottery
66 22 division and shall assume all of the assets and
66 23 obligations of the lottery division, and funds of the
66 24 state shall not be used or obligated to pay the
66 25 expenses or prizes of the authority or its
66 26 predecessor, the lottery division.

66 27 8. In order to effect an immediate and efficient
66 28 transition of the lottery from the lottery division to
66 29 the Iowa lottery authority, as soon as practicable,
66 30 the Iowa lottery authority shall do all of the
66 31 following:

66 32 a. Take such steps and enter into such agreements
66 33 as the board of the Iowa lottery authority may
66 34 determine are necessary and proper in order to effect
66 35 the transfer, assignment, and delivery to the
66 36 authority from the state of all the tangible and
66 37 intangible assets constituting the lottery, including
66 38 the exclusive right to operate the lottery and the
66 39 assignment to and assumption by the authority of all
66 40 agreements, covenants, and obligations of the lottery
66 41 division and other agencies of the state, relating to
66 42 the operation and management of the lottery.

66 43 b. Receive as transferee from the state of Iowa
66 44 all of the tangible and intangible assets constituting
66 45 the lottery including, without limitation, the
66 46 exclusive authorization to operate a lottery in the
66 47 state of Iowa and ownership of annuities and bonds
66 48 purchased prior to the date of transfer and held in
66 49 the name of the Iowa lottery for payment of lottery
66 50 prizes, and shall assume and discharge all of the
67 1 agreements, covenants, and obligations of the lottery
67 2 division entered into and constituting part of the
67 3 operation and management of the lottery. In
67 4 consideration for such transfer and assumption, the
67 5 Iowa lottery authority shall transfer to the state all
67 6 net profits of the authority, at such times and
67 7 subject to such financial transfer requirements as are
67 8 provided in this Act.

67 9 c. Have perpetual succession as an instrumentality
67 10 of the state and a public authority.

67 11 9. Notwithstanding any provision of chapter 99G,
67 12 as created by this Act, to the contrary, the following
67 13 provisions shall apply to the Iowa lottery authority:

67 14 a. Moneys appropriated from the lottery fund to
67 15 the department of revenue and finance, for

67 16 administration of the lottery for the fiscal year
67 17 beginning July 1, 2003, and unexpended prior to
67 18 September 1, 2003, shall be appropriated to the Iowa
67 19 lottery authority for operation of the lottery.
67 20 b. Of the moneys collected by the lottery division
67 21 and Iowa lottery authority for the fiscal year
67 22 beginning July 1, 2003, fifty-four million eight
67 23 hundred thousand dollars shall be transferred to the
67 24 general fund of the state.
67 25 c. Any authority for establishing the budget of
67 26 the Iowa lottery authority pursuant to chapter 99G, as
67 27 created by this Act, shall only apply for the fiscal
67 28 year beginning July 1, 2004, and each succeeding
67 29 fiscal year.
67 30 Sec. 121. EFFECTIVE DATE. This division of this
67 31 Act, creating the Iowa lottery authority, takes effect
67 32 September 1, 2003.>

67 33 #2. Title page, by striking lines 1 through 4 and

3

67 34 inserting the following: 67 35 and local government financial and regulatory matters,
67 36 making and reducing appropriations, providing a fee,
67 37 increasing civil penalties, and providing
67 38 applicability and effective dates.>

67 39

67 40

67 41

67 42 DIX of Butler

67 43 HF 691.306 80

67 44 jp/cf